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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank
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Hawaiian Agriculture in 1984

Within the last 24 years, agriculture has steadily diminished as a major portion of Hawaii's economy. Between 1960 and 1984, agricultural jobs fell from 15 to 4 percent of total jobs, while export revenues to agriculture fell from 33 to 9 percent of total Hawaiian export income.

These shifts mask important underlying changes in the structure of agriculture. The most important is the growth of diversified agriculture, or those agricultural activities other than sugar and pineapple. Between 1960 and 1984, diversified agricultural jobs grew from 20 to 40 percent of all agricultural jobs, surpassing pineapple and equaling the sugar industry. In terms of revenues, diversified agriculture grew from 31 to 38 percent of total revenues during the same period, achieving its best year ever in 1984 with farm sales totalling $208 million. Crops with the strongest potential for development include macadamia nuts (see inside Feature Story), potted foliage plants, papayas, anthuriums, and vegetables and melons.

1984 statistics from the Hawaii Agricultural Reporting Service indicate that potted foliage plants had a record year. Crop sales grew by an impressive 30 percent in 1984 to $14 million; that was over an already large 23-percent gain in 1983. Strong growth pushed that sector into fourth place behind sugar, pineapple, and macadamia nuts in terms of sales value. Two reasons for the gains were the improving national economy and strong marketing programs.

Anthuriums also had an impressive year in 1984. Flower production jumped a healthy 14 percent, and the value of crop sales increased 22 percent to $7 million. The gain was stimulated by increased mainland sales. On the other hand, foreign sales were hampered by the high value of the U.S. dollar, and growing foreign competition.

Although comprised of a number of agricultural products, the vegetable and melon industry achieved a record production value of $28 million in 1984, up 3 percent from 1983. The increase was the result of gains in farm prices for most commodities, and gains in output for such crops as parsley, squash, taro, and watermelons.

In contrast, the papaya industry had a bad year, slipping from fourth to fifth place in terms of value of sales. Increases in production led to an oversupply of fruit, a drop in prices, and a 21-percent loss in revenues in 1984. The industry was also plagued by problems in finding a substitute for the fumigant ethylene dibromide (EDB), which was banned by the federal government in 1984. Because the alternative treatment, hot water dipping, resulted in hard and lumpy fruit, the process is now being modified. Meanwhile, alternative treatment methods being considered include the chemical methyl bromide, a steam heat process, and irradiation techniques.

The sugar and pineapple industries experienced mixed results in 1984. In spite of cost-saving cutbacks in employment and acreage, the sugar industry lost revenues because of lower sugar prices. Consequently, sugar companies suffered a $9.4 million pre-tax loss in 1984. The pineapple industry, however, had a much better year. As a result of cost-saving measures, the value of processed and fresh pineapple reached a record $249 million in 1984. Other factors included droughts in competing countries, and low inventories of canned pineapple on the mainland.

The long-term situation of the sugar and pineapple industries in Hawaii should follow past trends. Between 1960 and 1984, the share of total farm revenues received by sugar and pineapple stayed relatively strong, slipping slightly from 69 to 62 percent of total agricultural sales. However, cost-cutting measures led to a 55-percent decline in jobs and a 27-percent decrease in acreage under cultivation during the same period. Thus, to remain financially viable, these industries are progressively becoming a smaller part of the Hawaiian economy.

The expected declines in sugar and pineapple increases the importance of efforts to develop alternative crops. However, several factors put Hawaii at a disadvantage in terms of costs. The cost of land is crucial. According to the 1982 Census of Agriculture, the average farm value in Hawaii was $1,787, more than double the national average of $784. These costs have also been escalating rapidly. While the national average increased 133 percent between 1974 and 1982, Hawaii's average jumped 265 percent.

Lack of economies of scale present a second problem. Larger operations tend to have lower unit costs compared to smaller operations. Average cultivated acreage per farm in Hawaii dropped by 13 percent between 1974 and 1982 from 90 to 70 acres. This is less than half the acreage used per farm on the mainland. Other problems include the high costs of shipping and pest control.

The successes of macadamia nuts, anthuriums, and potted foliage plants prove that these obstacles are not insurmountable. But, strong public-sector support will be necessary to build a competitive world-class agricultural base. Identification and preservation of important agricultural lands, development of agricultural parks, low-cost farm loans, product marketing and promotional support are examples of past efforts to support agriculture. These programs will have to be expanded to further enhance the viability of Hawaiian agriculture and its potential to contribute to job creation in our state.

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SEPTEMBER/OCTOBER FEATURE STORY: MACADAMIA NUTS

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CURRENT BUSINESS TRENDS

State business activity sagged in July as the economy continued to feel the after-effects of the May-June airline strike. Monthly July sales were down 12 percent from June, and down 7 percent from 1984 figures. Cumulative receipts for the year were sluggish, dipping 0.2 percent below last year. The resiliency of the tourism-related services sector was offset by weaknesses in areas such as diversified manufacturing and construction.

Tourism is on a slow road to recovery. The total number of visitors to Hawaii moved 4 percent higher in August to 461,580, reflecting a westbound visitor count of 354,780 combined with modest gains in the eastbound market, which was up to 106,800 visitors. For the year, the strike-crippled westbound visitor count has begun to edge over last year's figures by 0.2 percent, while the eastbound count remains up by 3.5 percent. This puts the total visitor traffic 0.9 percent ahead of 1984. Organized group tours and incentive travel, said to be the markets most damaged by the strike, improved from year-to-year deficits of 18 percent in May and 25 percent in June to a minus 4 percent in August. Job counts for hotels and other services were still static in July.

Among the Neighbor Islands, Kauai appears to be farthest along on the recovery track, with its August westbound visitor counts back to a 9 percent gain over last year. In contrast, the Big Island and Maui were still recording counts of −17 percent and 4 percent compared to 1984. July hotel occupancy rates show a similar pattern, with Kauai up 10 percent over 1984 while the Big Island occupancy rate was up by 5 percent and Maui still down by 7 percent.

Defense expenditures in Hawaii totalled $561 million for the quarter ending in June, up 16 percent on both a monthly and annual basis. The increase reflected a 39 percent leap in local purchases for the quarter, mostly as the

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
[illegible]	bil. $	2nd Qtr.	3,855	1.2	5.8
[illegible]	bil. $	2nd Qtr.	1,672	0.5	2.0
[illegible]	bil. $	July	3,189p	0.4	5.3
INTEREST RATES					
[illegible]	percent	August	9.50	0.0	−26.9
CONSTRUCTION					
[illegible]	bil. $	June	342.8p	0.7	7.9
[illegible]	1967 = 100	May	366.3	0.4[1]	3.6
[illegible]	1967 = 100	May	365.0	0.1[1]	1.5
EMPLOYMENT					
[illegible]	thous.	July	106,862	0.5	1.4
[illegible]	thous.	July	8,451	0.5	−0.5
[illegible]	percent	July	7.3	0.0	−2.7
PRICES					
[illegible]	1967 = 100	August	319.6	0.2	3.0
[illegible]	1967 = 100	August	323.5	0.2	3.4
[illegible]	1967 = 100	July	294.4p	0.3	0.9
[illegible]	1967 = 100	June	309.5p	−0.1	−0.6

p = preliminary
[1]Compared to March, 1985
*Seasonally adjusted
**Seasonally adjusted at annual rates

business activity in hawaii

TOURISM					
VISITOR EXPENDITURES	mil. $	1984	4,582p	......	15.3
OVERNIGHT OR LONGER VISITORS	number	August	461,580p	3.7	3.4
	number	Jan.-Aug.	3,333,030p	......	0.9
Westbound	number	August	354,780p	2.0	4.2
	number	Jan.-Aug.	2,553,430p	......	0.2
Eastbound	number	August	106,800p	9.7	0.9
	number	Jan.-Aug.	779,600p	......	3.5
[illegible]	number	Jan.-Aug.	107,500p	......	−2.6
AVERAGE LENGTH OF STAY	no. of days	Jan.-Aug.	10.2p	......	−3.8
[illegible]	number	Jan.-July	148,010	......	4.4
ORGANIZED GROUP TOURS	number	Jan.-Aug.	584,760p	......	−1.8
VISITOR COUNT BY COUNTY					
Oahu	number	August	271,140p	−4.0	1.6
	number	Jan.-Aug.	1,947,390p	......	−1.8
Maui County	number	August	170,780p	3.3	4.2
	number	Jan.-Aug.	1,272,810p	......	−0.7
Hawaii	number	August	62,980p	−0.9	−1.1
	number	Jan.-Aug.	477,920p	......	−8.8
Kauai	number	August	79,570p	4.5	9.1
	number	Jan.-Aug.	568,510p	......	3.1
VISITOR ACCOMMODATIONS					
STATE	number	February	65,919	2.1[2]	5.6
Oahu	number	February	38,600	0.6[2]	4.8
Waikiki	number	February	33,879	0.7[2]	5.1
Maui County	number	February	13,515	4.3[2]	8.1
Molokai	number	February	627	−0.9[2]	0.0
Lanai	number	February	10	100.0[2]	−16.7
Hawaii	number	February	7,511	8.2[2]	5.1
Kauai	number	February	5,656	−0.7[2]	6.5
HOTEL OCCUPANCY					
STATE	percent	July	75.9p	15.0	2.4
		Jan.-July	78.1p	......	−0.6
Oahu	percent	July	84.8p	12.2	4.7
		Jan.-July	83.4p	......	−1.7
Maui (island)	percent	July	72.2p	12.3	−7.0
		Jan.-July	80.7p	......	−3.4
Hawaii	percent	July	53.8p	38.3	4.9
		Jan.-July	59.0p	......	6.1
Kauai	percent	July	63.5p	23.5	9.9
		Jan.-July	67.7p	......	5.6

p = preliminary [1]Estimated Westbound [2]Compared to October, 1984

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
DEFENSE EXPENDITURES					
[illegible]	mil. $	Yr. to 2nd Qtr.	1,045.9		8.2
[illegible]	mil. $	Yr. to 2nd Qtr.	433.1		4.5
[illegible]	mil. $	Yr. to 2nd Qtr.	309.8		4.1
[illegible]	mil. $	Yr. to 2nd Qtr.	302.9		18.9
SUGAR					
[illegible]					
[illegible]	thous. $	1984	256,200		4.0
[illegible]	thous. tons	Jan.-July	566.8		−12.7
[illegible]	$/ton	Jan.-July	418.80		−4.4
PINEAPPLE					
[illegible]					
[illegible]	thous. $	1984	83,928		−10.4
[illegible]	thous. $	Jan.-July	72,437		−39.0
[illegible]	thous. lbs.	Jan.-July	152,330		0.8
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1984	120,756		5.3
[illegible]	thous. $	1984	62,905		18.6
[illegible]	th. dozens	Jan.-July	810.4		−16.4
[illegible]	thous. $	1984	14,050		29.7
[illegible]	thous. $	1984	39,749		3.2
[illegible]	th. lbs.	Jan.-July	29,339		−25.8
Average farm price	cents/lb.	July	18.0	−25.0	41.7
[illegible]	th. lbs.	1984	37,700		3.5
Average farm price	cents/lb.	1984	69.2		5.3
[illegible]	th. lbs.	Jan.-July	40,737		−1.5
LIVESTOCK	thous. $	1984	87,025		0.6
[illegible]	th. lbs.	Jan.-July	19,838		7.2
[illegible]	cents/lb.	July	83.0	−5.7	−11.7
HOG PRODUCTION (Dressed wt.)	th. lbs.	Jan.-July	3,557		0.7
Average farm price	cents/lb.	July	103.0	−2.4	1.4
MILK PRODUCTION	mil. lbs.	Jan.-July	84.3		−6.3
[illegible]	$/100 lbs.	July	20.06	5.3	3.3
EGG PRODUCTION	mil.	Jan.-July	126.9		2.2
Average farm price	cents/doz.	July	74.0	−5.7	−17.3
CONSTRUCTION					
CONSTRUCTION PUT-IN-PLACE	mil. $	Jan.-July	732.5		−10.0
PRIVATE PERMITS AUTHORIZED					
STATE					
RESIDENTIAL	thous. $	Jan.-Feb.	79,382		28.7
Single Family Units	number	Jan.-Feb.	499		−34.5
Multiple Family Units	number	Jan.-Feb.	389		1,668.2
NONRESIDENTIAL	thous. $	Jan.-Feb.	36,951		−16.0
OAHU					
RESIDENTIAL	thous. $	Jan.-July	173,929		26.6
Single Family Units	number	Jan.-July	1,210		−11.8
Multiple Family Units	number	Jan.-July	1,310		170.7
NONRESIDENTIAL	thous. $	Jan.-July	88,334		2.6
MAUI CO.					
RESIDENTIAL	thous. $	Jan.-Feb.	7,028		−14.0
Single Family Units	number	Jan.-Feb.	80		−30.4
Multiple Family Units	number	Jan.-Feb.	11		100.0
NONRESIDENTIAL	thous. $	Jan.-Feb.	2,849		−38.0
HAWAII					
RESIDENTIAL	thous. $	Jan.-July	55,197		75.2
Single Family Units	number	Jan.-July	562		1.6
Multiple Family Units	number	Jan.-July	138		142.1
NONRESIDENTIAL	thous. $	Jan.-July	23,261		18.9
KAUAI					
RESIDENTIAL	thous. $	Jan.-July	26,021		3.6
Single Family Units	number	Jan.-July	216		6.4
Multiple Family Units	number	Jan.-July	51		30.8
NONRESIDENTIAL	thous. $	Jan.-July	9,954		12.0

*Gross taxable income valued at time of shipment
*From Hawaii County
*Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons

result of an 80 percent surge in Army expenditures for such items as transportation for end-of-duty personnel, new computer systems, and costs associated with catch-up work due to the construction strikes earlier this year.

As sugar prices continued to slip, sugar production through July recorded another month of decline, placing the year's total down 13 percent from 1984 levels. Pineapple also experienced setbacks, with canned pineapple sales value for the year still down by 39 percent and fresh shipments of 152 million pounds through July virtually unchanged from last year.

Other crops also show scaled-back operations. Anthurium outshipments continue to be plagued by lower sales despite a July boost in shipments to Japan. This year's papaya sales volume through July of 29 million pounds, about 40 percent of which represents mainland shipments, has returned to normal after 1984's glutted market. Vegetable and melon production is recovering from a small spring harvest in celery, head lettuce, cucumbers, dry onions, and other crops. Overall job counts in diversified agriculture recorded its tenth consecutive month of decline from the previous year, mostly thinning the ranks of self-employed farmers.

June's construction put-in-place of $128 million recorded its first year-to-year gain in 12 months, evidence of the industry's slow return to pre-construction strike levels. Employment recovery has been considerably stronger. July's tally of 18,800 jobs was nearly 10 percent above last year, continuing a growth trend that began in February. Permit values for multi-family buildings continue to soar on Oahu and the Big Island, primarily due to permits issued in February and March for the 638-unit Tower II rental high-rise project in downtown Honolulu and the Mauna Lani Resort's condominium projects in South Kohala.

Lowered interest rates, reduced prices, and the seasonal summer sales flurry have sparked housing resales. Statewide, resales of single family units were 12 percent higher through July, while condominium resales were 16 percent higher. Prices continued to be depressed with single family units averaging $167,000 and condominiums at $105,000. Among the islands, Oahu led in single family unit resales at 1,061 units through July, up 14 percent, while Kauai led in condo resales at 48 units, which already exceeds its total condo resales for all of 1984.

Total personal income for the first quarter rose to $13.8 billion, up 7.4 percent over the year. This represents a significant increase for Hawaii residents, well above the rise in inflation over the same period. Interestingly, a gain of 6.5 percent in employment income was dwarfed by a 12 percent leap in income from property, suggesting growing investment holdings by island residents.

MACADAMIA NUTS

The macadamia nut industry has emerged as a promising candidate in Hawaii's attempt to diversify its economic and agricultural base. For several years, macadamia nuts have consistently ranked third among agricultural commodities in terms of farm value, exceeded only by sugar and pineapple.

Hawaii is currently the center of world macadamia nut production. The reason is its mature orchards, compared to the newer plantings of other countries such as Australia, South Africa, Costa Rica and Brazil. The local industry is maturing, as it continues to grow in size, market, and sophistication of production methods. Table 1 presents data on this upward trend.

TABLE 1: MACADAMIA NUTS
STATE OF HAWAII, 1974-1984

YEAR	NUMBER OF FARMS	ACREAGE IN CROP (thousands)	ACREAGE BEARING (thousands)	MRKTNG (IN SHELL) (mil. lbs.)
1974	400	9.9	5.1	16.4
1975	444	10.4	5.8	18.2
1976	455	10.2	6.1	19.0
1977	456	9.9	6.3	19.7
1978	464	10.2	6.3	21.0
1979	465	11.4	9.2	26.7
1980	475	13.3	9.6	33.4
1981	490	13.8	10.0	33.4
1982	550	15.0	10.2	36.7
1983	600	15.8	10.6	36.4
1984	605	16.9	12.0	37.7

Source: Hawaii Agricultural Reporting Service

Over the past decade, the number of macadamia nut farms increased 51 percent, the number of acres planted increased 71 percent, and the number of acres of commercial quality trees increased 136 percent. Because of these increases, total macadamia nut output (on an in-shell basis) jumped an impressive 130 percent, from 16 million pounds in 1974 to 38 million pounds in 1984.

This dramatic growth, however, has slowed in recent years. While 1984 production increased to a record 38 million pounds, this represented a modest 4 percent over-the-year gain, well below the 13 percent annual average experienced over the past decade. Drought

business activity in hawaii [*cont.*]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC CONTRACTS AWARDED						
TOTAL GOVERNMENT PROJECTS						
STATE		thous. $	Jan.-Aug.	149,750	......	−36.0
Oahu		thous. $	Jan.-Aug.	96,001	......	−42.5
Maui County		thous. $	Jan.-Aug.	30,145	......	78.0
Hawaii		thous. $	Jan.-Aug.	10,884	......	−31.7
Kauai		thous. $	Jan.-Aug.	12,724	......	−62.8
BY LEVEL OF GOVERNMENT						
Federal		thous. $	Jan.-Aug.	26,586	......	−42.7
State		thous. $	Jan.-Aug.	58,541	......	−59.2
County		thous. $	Jan.-Aug.	64,623	......	46.8
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1967 = 100	Aug.	357.6	0.1	2.6
HIGH RISE		1967 = 100	Aug.	373.4	0.1	1.6
REAL ESTATE RESALES						
STATE	Single Family	number	Jan.-July	1,441	......	11.9
	Average Price	dollars	Jan.-July	166,651	......	−3.1
	Condominium	number	Jan.-July	1,892	......	16.4
	Average Price	dollars	Jan.-July	104,327	......	−3.5
OAHU	Single Family	number	Jan.-July	1,061	......	13.5
	Average Price	dollars	Jan.-July	182,746	......	−3.7
	Condominium	number	Jan.-July	1,538	......	20.3
	Average Price	dollars	Jan.-July	100,243	......	−1.6
MAUI	Single Family	number	Jan.-July	138	......	12.2
	Average Price	dollars	Jan.-July	150,524	......	−12.0
	Condominium	number	Jan.-July	249	......	−1.2
	Average Price	dollars	Jan.-July	128,238	......	−9.6
HAWAII	Single Family	number	Jan.-July	205	......	10.2
	Average Price	dollars	Jan.-July	98,360	......	10.4
	Condominium	number	Jan.-July	57	......	−14.9
	Average Price	dollars	Jan.-July	96,498	......	7.7
KAUAI	Single Family	number	Jan.-July	37	......	−15.9
	Average Price	dollars	Jan.-July	143,633	......	−2.3
	Condominium	number	Jan.-July	48	......	77.8
	Average Price	dollars	Jan.-July	120,427	......	−8.7
BUSINESS SALES						
GROSS BUSINESS RECEIPTS		mil. $	Jan.-July	14,399.1	......	−0.2
DIVERSIFIED MANUFACTURING		mil. $	Jan.-July	304.7	......	−8.0
DIVERSIFIED AGRICULTURE		mil. $	Jan.-July	155.3	......	4.2
RETAILING		mil. $	Jan.-July	5,194.0	......	2.2
WHOLESALING		mil. $	Jan.-July	3,625.8	......	−2.0
SERVICES		mil. $	Jan.-July	3,491.3	......	4.9
OAHU NEW CAR SALES		number	Jan.-July	24,239p	......	−3.6
PUBLIC UTILITIES						
ELECTRICITY GENERATED		mil. kwh.	Jan.-July	4,006	......	−1.4
GAS SALES		th. therms	Jan.-July	28,889	......	0.6
TELEPHONE LINES IN SERVICE		thous.	July	459.1	.0	1.3
HONOLULU PRICES						
HONOLULU CONSUMER PRICE INDEX						
Wage Earners and Clerical Workers		1967 = 100	August	301.3	0.2	2.6
All Urban Consumers		1967 = 100	August	294.2	0.1	2.9

p preliminary

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population and income in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE					
Total De Facto Population	thous.	July 1, 1984	1,141.2p	......	2.4
Total Resident Population	thous.	July 1, 1984	1,038.7p	......	2.0
OAHU					
Total De Facto Population	thous.	July 1, 1984	859.3p	......	1.5
Total Resident Population	thous.	July 1, 1984	805.3p	......	1.6
MAUI COUNTY					
Total De Facto Population	thous.	July 1, 1984	114.8p	......	10.6
Total Resident Population	thous.	July 1, 1984	83.1p	......	4.0
HAWAII					
Total De Facto Population	thous.	July 1, 1984	112.6p	......	1.8
Total Resident Population	thous.	July 1, 1984	106.4p	......	3.4
KAUAI					
Total De Facto Population	thous.	July 1, 1984	54.4p	......	7.3
Total Resident Population	thous.	July 1, 1984	44.0p	......	2.1
CIVILIAN RESIDENT POPULATION					
STATE	thous.	July 1, 1984	981.4p	......	1.9
MILITARY PERSONNEL					
STATE	number	July 1, 1984	60,804	......	3.0
Ashore	number	July 1, 1984	56,321	......	4.8
Afloat	number	July 1, 1984	4,483	......	−14.9
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1984	67,083	......	1.3
FOREIGN IMMIGRATION[1]	number	Jan.-July	3,275	......	10.2
INCOME					
TOTAL PERSONAL INCOME**	mil. $	1st Qtr.	13,813p	2.1	7.4
EMPLOYMENT INCOME[2]	mil. $	1st Qtr.	9,971p	2.8	6.5
Manufacturing	mil. $	1st Qtr.	455p	−1.7	0.7
Construction & Mining	mil. $	1st Qtr.	479p	23.8	−8.6
Wholesale	mil. $	1st Qtr.	409p	0.5	6.0
Retail	mil. $	1st Qtr.	1,106p	0.9	6.1
Finance, Ins., & Real Estate	mil. $	1st Qtr.	660p	1.5	3.8
Trans., Comm., & Util.	mil. $	1st Qtr.	908p	1.9	11.5
Services	mil. $	1st Qtr.	2,234p	1.4	8.7
Farm & Other	mil. $	1st Qtr.	305p	0.3	11.3
Federal Civilian	mil. $	1st Qtr.	900p	2.9	4.8
Federal Military	mil. $	1st Qtr.	1,336p	4.7	7.1
State & Local	mil. $	1st Qtr.	1,178p	2.5	9.9
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	1st Qtr.	2,691p	0.5	11.9
TRANSFER PAYMENTS (1,839) minus Personal Contributions for Social Insurance (687)	mil. $	1st Qtr.	1,152p	−0.5	4.9
PER CAPITA PERSONAL INCOME					
STATE	dollars	1983	12,115p	......	4.5
Oahu	dollars	1983	12,697p	......	4.9
Maui County	dollars	1983	10,963p	......	3.4
Hawaii	dollars	1983	9,396p	......	3.1
Kauai	dollars	1983	9,867p	......	2.7

**Total personal income and all components are seasonally adjusted at annual rates.
[1] Includes only those entering Honolulu ports and do not include status changes.
[2] Includes wage and salary disbursements, proprietors' income and other labor income.
p = preliminary.

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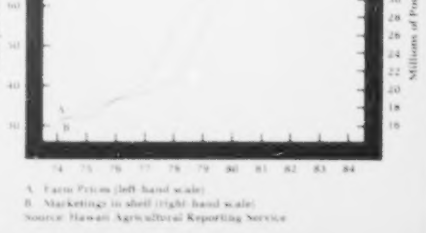
conditions were partially responsible for holding down production, while the large number of young trees just coming into bearing age also contributed to the lower yield.

In spite of the production plateau of the last few years, however, the upward trend is expected to continue over the next decade, based on seedlings already in the ground. Thousands of acres of macadamia nut trees have not come into full production yet. Between 1978 and 1980, 3,100 acres of seedlings were planted. Given that it takes five years for seedlings to reach commercial production age, and another five years to reach full bearing potential, the 1978-1980 plantings are now beginning to produce quality crops, and should peak around 1988-1990, substantially raising production levels. Similarly, between 1981 and 1984, 3,100 acres were planted; these will create another production surge approximately ten years down the road.

In addition, planned plantings suggest that the expansion will continue. Alexander & Baldwin, Inc., Hawaiian Holiday Macadamia Nut Co., and Mauna Loa Macadamia Nut Corp. all have made major commitments to develop or expand their macadamia nut business.

However, some problems have developed because of enthusiastic expansion in the past (see Figure 1). Producers concentrated on developing output, and neglected the equally important area of marketing. As plantings and production shot up, harvests increased dramatically. The industry realized huge gains, especially between 1978 and 1980. However, the local market became saturated. As a result, production increased to the point of oversupply and prices fell. The farm price dropped from 79.3 cents per pound in 1981 to 65.7 cents a pound in 1983.

FIGURE 1
MACADAMIA NUTS
FARM PRICES AND MARKETINGS
1974-1984

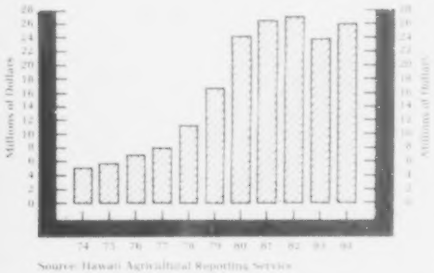


A. Farm Prices (left-hand scale)
B. Marketings in shell (right-hand scale)
Source: Hawaii Agricultural Reporting Service

Thus, without a strong program of market expansion, the industry moved into a classic situation of product surplus and price deflation. Realizing the problem, major retailers started aggressive marketing campaigns, both locally and on the mainland. As a result, after three years of oversupply and depressed prices, the macadamia nut industry was able to turn itself around. Surpluses were sold, and prices again moved upward. Farm prices increased in 1984 by 5 percent, from 65.7 cents per pound in 1983 to 69.2 cents per pound in 1984. Though still way below 1979's banner price of 79.3 cents per pound, the improved market conditions definitely helped the revenue picture.

Because of the drop in farm prices, the value of sales during 1983 fell by 12 percent from $27.1 million in 1982 to $23.9 million in 1983. This was the first drop in eleven seasons. However, as prices increased, the value of sales inched out of the 1983 slump, and crop revenues improved by nine percent, going from $23.9 million in 1983 to $26.1 million in 1984 (see Figure 2).

FIGURE 2
MACADAMIA NUTS
VALUE OF SALES
1974-1984



Source: Hawaii Agricultural Reporting Service

Even with the plateau in crop value seen over the last five years, industry revenues have shown a fivefold gain since 1974.

While improving the revenue situation, a macadamia nut shortage also has hazards. If prices increase too quickly, macadamia nuts could be priced out of some markets. Manufacturers, not being able to get an adequate and reliable supply, might also discontinue the product.

The short-term economic picture for macadamia nuts looks good. The glut is over, both production and prices have improved, and further expansion is planned. In part, the optimistic outlook is due to the fact that the major producers are large corporations such as C. Brewer, Inc., Alexander & Baldwin, and Mac Farms. They have the necessary capital and technical expertise needed

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
[illegible]					
[illegible]	thous.	July	487.1p	−0.1	1.8
[illegible]	thous.	July	459.9p	.0	1.7
[illegible]	thous.	July	27.2p	−2.9	3.0
[illegible]	percent	July	5.6p	−1.8	1.8
[illegible]					
[illegible]	thous.	July	369.1p	−0.2	1.7
[illegible]	thous.	July	350.8p	.0	1.9
[illegible]	thous.	July	18.4p	−2.6	−1.1
[illegible]	percent	July	5.0p	−2.0	−2.0
[illegible]					
[illegible]	thous.	July	46.3p	0.0	1.8
[illegible]	thous.	July	43.7p	0.2	2.1
[illegible]	thous.	July	2.7p	0.0	0.0
[illegible]	percent	July	5.7p	−1.7	−1.7
[illegible]					
[illegible]	thous.	July	49.4p	0.6	3.1
[illegible]	thous.	July	44.7p	0.9	1.1
[illegible]	thous.	July	4.7p	−4.1	27.0
[illegible]	percent	July	9.5p	−3.1	23.4
[illegible]					
[illegible]	thous.	July	22.4p	−0.4	0.9
[illegible]	thous.	July	20.9p	0.0	1.0
[illegible]	thous.	July	1.5p	−11.8	0.0
[illegible]	percent	July	6.6p	−8.3	−4.3
JOB COUNT BY INDUSTRY					
[illegible]	thous.	July	462.7p	0.5	0.5
[illegible]	thous.	July	7.7p	1.3	−7.2
[illegible]	thous.	July	5.4p	1.9	−14.3
[illegible]					
[illegible]	thous.	July	15.8p	0.0	−4.2
[illegible]	thous.	July	3.2p	0.0	−5.9
[illegible]	thous.	July	12.6p	−0.8	−3.8
[illegible]	thous.	July	3.1p	3.3	0.0
[illegible]					
[illegible]	thous.	July	7.6p	1.3	−13.6
[illegible]	thous.	July	18.8p	1.1	9.3
[illegible]	thous.	July	22.6p	0.4	2.3
[illegible]	thous.	July	7.4p	0.0	−2.6
[illegible]	thous.	July	2.5p	0.0	4.2
[illegible]	thous.	July	94.7p	0.6	2.6
[illegible]	thous.	July	19.3p	0.5	0.5
[illegible]	thous.	July	32.3p	0.6	0.9
[illegible]	thous.	July	28.5p	1.1	0.0
[illegible]	thous.	July	16.1p	2.5	0.6
[illegible]	thous.	July	6.5p	0.0	0.0
[illegible]	thous.	July	3.8p	0.0	2.7
[illegible]	thous.	July	2.2p	0.0	−4.3
[illegible]	thous.	July	80.3p	−0.7	−0.6
[illegible]	thous.	July	32.8p	0.3	2.8
[illegible]	thous.	July	11.8p	0.9	4.4
[illegible]	thous.	July	21.1p	0.5	1.9
[illegible]	thous.	July	44.1p	−7.0	1.8
[illegible]	thous.	July	16.4p	29.1	5.1
[illegible]	thous.	July	26.9p	1.9	−3.6
UNEMPLOYMENT INSURANCE					
[illegible]	number	July	11,385	16.4	−6.8
[illegible]	number	Jan.-July	42,430	—	1.2
[illegible]	number	Jan.-July	2,192	—	−7.5
[illegible]	thous. $	Jan.-July	41,228	—	−3.9

p = preliminary

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE					
Recipients	no./persons	July	58,266	−0.6	−4.4
Payments	thous. $	Jan.-July	57,354	—	−4.6
MEDICAL ASSISTANCE					
Recipients	no./patients	July	42,280	−10.5	−8.8
Payments	thous. $	Jan.-July	101,159	—	9.0
FOOD STAMPS					
Recipients	no./persons	June	95,700	−1.6	−3.3
Payments	thous. $	Jan.-June	46,354	—	16.6
[illegible]					
Recipients	no./cases	2nd Qtr.	7,790	12.5	10.8
Payments	thous. $	2nd Qtr.	7,431	—	11.5

[1] Count of recipients is duplicated, as persons may be counted in each category.

banking and finance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
FINANCE					
COMMERCIAL BANK DEPOSITS					
STATE					
Total Deposits	mil. $	July	7,242.9	4.5	14.0
Debits To Demand Deposits	mil. $	Jan.-July	54,251.4	—	1.7
OAHU					
Total Deposits	mil. $	July	6,030.9	4.7	14.6
Debits To Demand Deposits	mil. $	Jan.-July	49,260.0	—	0.8
MAUI COUNTY					
Total Deposits	mil. $	July	447.6	0.7	9.9
Debits To Demand Deposits	mil. $	Jan.-July	2,144.1	—	11.6
HAWAII					
Total Deposits	mil. $	July	520.9	7.0	14.0
Debits To Demand Deposits	mil. $	Jan.-July	2,038.2	—	10.8
KAUAI					
Total Deposits	mil. $	July	243.5	0.4	7.1
Debits To Demand Deposits	mil. $	Jan.-July	809.[illegible]	—	10.9
BANK LOANS OUTSTANDING[1]—STATE	mil. $	1st Qtr.	4,403.6	3.4	9.6
Real Estate	mil. $	1st Qtr.	1,763.4	4.2	6.1
Consumer	mil. $	1st Qtr.	981.9	−0.5	8.9
Commercial & Industrial	mil. $	1st Qtr.	1,321.9	3.7	18.9
Other	mil. $	1st Qtr.	336.4	10.2	−1.7
CONVENTIONAL HOME MORTGAGE RATES, HONOLULU	percent	June	12.2	−5.4	NA
SAVINGS & LOAN ASSOCIATIONS					
TOTAL DEPOSITS	mil. $	June	3,626.7	0.2	−4.7
LOANS	mil. $	June	48.2	−30.3	−5.3
Residential	mil. $	June	27.2	−38.9	−5.6
Other	mil. $	June	21.1	−14.6	−4.5
TAX COLLECTIONS[2]					
STATE	thous. $	Jan.-July	854,091	—	6.3
Oahu	thous. $	Jan.-July	739,622	—	5.1
Maui County	thous. $	Jan.-July	49,984	—	17.0
Hawaii	thous. $	Jan.-July	46,418	—	11.5
Kauai	thous. $	Jan.-July	18,064	—	16.8

[1] Includes data for both Hawaii and Guam.
[2] Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

for improved production, market development, and distribution.

The long-run economic picture for macadamia nuts also looks promising. Using the pistachio, almond, and cashew markets as a yardstick, University of Hawaii agricultural economist Frank Scott estimated that in 1983, the market potential for the United States was 29 million pounds, and outside of the United States, an additional 24 million pounds of shelled macadamia nuts. Hawaii's actual production in 1983 was 9 million pounds, well below the potential. Scott also estimated that by the year 2000, the market could expand up to 43 million pounds for the United States, and 28 million pounds outside of the United States.

Two notes of caution are necessary when looking at future markets. First, these estimates represent rough approximations, and second, they would require extensive market development, and huge advertising costs to develop the markets to their full potential.

Production of macadamia nuts in other countries is expected to grow in the near future. At this time, foreign production is beneficial to Hawaii's macadamia nut industry. Since a constant and reliable supply is needed, foreign crops make up for periods of shortage. During 1984, 455 metric tons of macadamia nuts were imported. However, in the long run, these foreign countries may become Hawaii's competitors rather than Hawaii's suppliers.

Most of these countries do not keep reliable statistical information on agriculture. However, the general feeling of industry leaders is that currently Hawaii represents 75 percent of world macadamia nut production. In ten years this is expected to drop to 50 percent. World production is expected to double in the next five years, and triple in the next ten years, going from 12 million pounds in 1984 to 36 million pounds in 1994. Hawaii's production is expected to double in that same period, going from 9 million pounds in 1984 to 18 million pounds in 1994.

Whether 36 million pounds represents a surplus or a shortage largely depends upon market development. The industry has proven itself capable of addressing the problem by reversing the past surplus situation through extensive marketing efforts.

The macadamia nut industry has great potential for growth. But there are also serious problems to overcome, such as market development and cost control. The degree to which producers efficiently deal with these factors will determine the degree of their success in the future.

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ECONOMIC INDICATORS

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Research Department, First Hawaiian Bank **November/December 1985**

Outlook for the Hawaiian Economy in 1986

After a record growth year in 1984, the Hawaiian economy is marking time in 1985 because of the slowdown in the national economy, the one-month long United Airlines strike and the record strength of the dollar. Strikes and lockouts in the construction industry, which affected carpenters, concrete, electrical, and iron workers and lasted well into 1985 also slowed the economy. However, the fact that the economy is managing to stay roughly even with the phenomenal growth rates of 1984 indicates the basic strength of the economy. If conditions improve as expected in the national economy in 1986, and, given the absence of major labor disruptions, overall prospects for Hawaii's economy can be expected to improve in 1986.

Business activity in general remained relatively stable through September of 1985. Growth in total personal income stayed strong through the second quarter, while inflation remained low. In the meantime, the total number of jobs in the economy remained stable, with the strongest growth in the construction industry and tourist-related industries such as retail trade, transportation, and services.

The visitor industry continued to remain resilient in 1985 in spite of the inroads of the United Airlines strike and the record-high strength of the U.S. dollar. As of September, 1985, total overnight and longer visitors were roughly equal to 1984, compared to an 11 percent increase experienced in 1984. Growth in westbound visitors was static compared to 9 percent the previous year, and eastbound visitors were ahead by 3 percent compared to 18 percent the previous year. Thus, the strong dollar appears to have had as drastic an effect on the eastbound market as the United Airlines strike had on the westbound market. Depending on the strength of the winter season, net visitor counts for the year will most likely remain flat.

Prospects for 1986 look optimistic. Continued economic expansion at the national level will mean more discretionary income for travelers. The ongoing decline in the U.S. dollar should stimulate international travel to Hawaii, particularly from Japan. Problems in major competing areas, such as in Mexico, will increase the desirability of Hawaiian vacations, while organized promotional campaigns on the Neighbor Islands will widen their appeal at the national level. Additions by national and local carriers of new flights from the mainland to Honolulu and the Neighbor Islands will increase carrying capacity to the islands, and fare reductions have been announced for 1986 by most major carriers. Thus, given the absence of labor disruptions, the prospects for growth in visitor counts in 1986 are good and can be expected to range between 3 to 5 percent for the year.

Defense expenditures saw strong growth through the second quarter of 1985 due to increases in local goods-and-service purchases. Much of the increase was attributable to catch-up construction delayed by the construction strike, and the installation of a large computer network system for the Army. Prospects for 1986 will most likely entail a reduction in local purchases as construction appropriations return to normal. Growth in overall expenditures can, therefore, be expected to range between 4 to 6 percent for the year.

The construction industry is continuing its recovery from the 1984 strike. 1985 should end up around 5 percent ahead of 1984. This is reinforced by the fact that construction jobs are currently up a strong 8 percent. Prospects for 1986 look good. As of September 1985, the value of private permits authorized was 62 percent ahead of 1984 due to a sharp upswing in multi-family unit construction, particularly condominiums and hotels. Commercial and industrial permits were also ahead by 22 percent as of September, further reinforcing the optimistic outlook for construction in 1986. If interest rates remain stable, growth in construction should be substantial.

The sugar industry has been experiencing difficulties in 1985. Sugar production levels are running 10 percent behind 1984, while expanded national sugar quotas have resulted in a 6-percent drop in the New York raw sugar price. Thus, prospects for 1985 do not look good. Continuing high sugar import quotas and market gains by high fructose corn syrup, could lower returns to the industry in 1986 as well.

The pineapple industry experienced a 43-percent reduction in the cumulative value of canned pineapple sold through August of 1985. The reason for the decline was the closing of the Del Monte plant in 1984 and reduced production volume due to the drought of 1984. Fresh pineapple shipments, however, held steady on a cumulative basis. Prospects for 1986 will depend on weather conditions in major competing countries, inventory levels of major buyers, and competition with other fruits.

In conclusion, although it is clear that 1985 would have been a good year if it had not been for the United Airlines and the construction industry strikes, 1986 promises to be better. Continuing national economic expansion, a fall in the value of the dollar, and moderation in interest rates could signal healthy advances in tourism and interest-rate sensitive sectors such as real estate and construction. If defense expenditures show positive growth, and the agricultural sector improves, then the overall economy should see positive gains in output, income, and employment in 1986.

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NOVEMBER/DECEMBER FEATURE STORY: HAWAII'S RETAIL INDUSTRY

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CURRENT BUSINESS TRENDS

Gross business receipts surged ahead 19 percent in September, putting the year's cumulative sales at $18 billion, up 1.7 percent from 1984. Considering that the economy was set back severely earlier this year, even a modest eclipse of last year's banner sales performance is impressive. Even better was the achievement of two Neighbor Islands. Through September, Maui's business receipts were up 5 percent, Kauai by 8 percent. The Big Island, however, has been slow to recover and remains behind last year's sales pace.

Signs of the general upturn also showed up in banking statistics. Monthly bank deposits through September have been averaging 10 percent above the same period last year. Debits to demand deposits show an interesting pattern. Statewide and Oahu debits through September showed just marginal gains, but the Neighbor Islands displayed substantial increases: Maui, up 10 percent; the Big Island, up 10 percent; and Kauai, up 12 percent. These figures indicate improved business and heightened spending on the Neighbor Islands.

Spending growth on the Neighbor Islands is also apparent in the tax data. While state tax collections through September were up 7 percent statewide and 6 percent on Oahu, Maui's collections were up 14 percent, the Big Island up 11 percent, and Kauai up 21 percent.

September employment data revealed a 7-percent drop in the unemployment rate, down to 5.5 percent, the lowest September figure in five years. Most of this improvement occurred on Oahu, where an even larger drop in the unemployment rate put the figure at 4.9 percent, the lowest since 1969.

Job counts showed seasonal slippage in September, down to 454,500 jobs, but still 2 percent ahead of 1984. Averaged through the first nine months of the year, however, the year's gain is halved to one percent due to this year's rela-

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	2nd Qtr.	3,916	1.6	6.0
In 1972 Dollars	bil. $	2nd Qtr.	1,685	0.8	2.4
PERSONAL INCOME**	bil. $	September	3,209p	0.3	4.6
INTEREST RATES					
AVERAGE PRIME RATE	percent	October	9.50	0.0	−24.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	August	344.0p	1.1	7.1
CONSTRUCTION COST INDEXES:					
Residences	1967=100	July	368.9	0.7[1]	2.4
Apts, Hotels, Office Bldgs	1967=100	July	366.5	0.4[1]	1.1
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	September	107,544	0.3	2.0
UNEMPLOYMENT*	thous.	September	8,274	1.8	−1.1
UNEMPLOYMENT RATE*	percent	September	7.1	1.4	−4.1
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967=100	October	321.3	0.2	2.9
All Urban Consumers	1967=100	October	325.5	0.3	3.2
PRODUCER PRICE INDEXES:					
Finished Goods*	1967=100	September	291.8p	−0.6	0.2
All Commodities	1967=100	August	307.2p	−0.6	−1.1

p=preliminary.
[1] Compared to May, 1985.
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

TOURISM					
VISITOR EXPENDITURES	mil. $	1984	4,582p	......	15.3
OVERNIGHT OR LONGER VISITORS	number	October	363,630p	6.3	−6.9
	number	Jan.-Oct.	4,059,410p	......	0.5
Westbound	number	October	276,510p	7.8	−7.1
	number	Jan.-Oct.	3,087,020p	......	−0.3
Eastbound	number	October	87,120p	1.6	−6.2
	number	Jan.-Oct.	972,390p	......	3.3
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Oct	103,090p	......	−2.7
AVERAGE LENGTH OF STAY	no. of days	Jan.-Oct.	10.2p	......	−1.9
MEETING ATTENDANCE	number	Jan.-Sept.	183,928	......	6.6
ORGANIZED GROUP TOURS	number	Jan.-Oct.	712,450p	......	−3.2
VISITOR COUNT BY COUNTY[1]					
Oahu	number	October	215,710p	7.2	−7.6
	number	Jan.-Oct.	2,365,340p	......	−2.2
Maui County	number	October	141,020p	8.0	−7.9
	number	Jan.-Oct.	1,544,620p	......	−1.1
Hawaii	number	October	57,730p	21.7	−8.0
	number	Jan.-Oct.	583,110p	......	−8.8
Kauai	number	October	68,840p	6.1	−4.6
	number	Jan.-Oct.	702,520p	......	2.5
VISITOR ACCOMMODATIONS:					
STATE	number	February	65,919	2.1[2]	5.6
Oahu	number	February	38,600	0.6[2]	4.8
Waikiki	number	February	33,879	0.7[2]	5.1
Maui (Island)	number	February	13,515	4.3[2]	8.1
Molokai	number	February	627	−0.9[2]	0.0
Lanai	number	February	10	100.0[2]	−16.7
Hawaii	number	February	7,511	8.2[2]	5.1
Kauai	number	February	5,656	−0.7[2]	6.5
HOTEL OCCUPANCY:					
STATE	percent	September	67.6p	−17.0	−3.4
		Jan.-Sept.	77.3p	......	−0.4
Oahu	percent	September	73.4p	−15.3	−3.3
		Jan.-Sept.	82.7p	......	−1.4
Maui (Island)	percent	September	70.2p	−16.2	0.6
		Jan.-Sept.	79.9p	......	−2.4
Hawaii	percent	September	45.3p	−27.6	−11.4
		Jan.-Sept.	57.9p	......	5.3
Kauai	percent	September	58.2p	−17.1	−2.3
		Jan.-Sept.	67.0p	......	5.0

p=preliminary. *[1] Estimated Westbound.* *[2] Compared to October, 1984.*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,547.3	......	6.8
Military Payroll	mil. $	Yr. to 3rd Qtr.	647.5	......	3.0
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	455.2	......	4.0
Local Purchases	mil. $	Yr. to 3rd Qtr.	444.6	......	16.2
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	thous. $	1984	256,200	......	−4.0
SUGAR PRODUCTION	thous. tons	Jan.-Sept.	827.0	......	−9.8
N. Y. RAW SUGAR PRICE	$/ton	Jan.-Sept.	415.20	......	−5.1
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1984	89,928	......	−10.4
SHIPMENTS: CANNED[3]	thous. $	Jan.-Sept.	83,942	......	−45.4
FRESH	thous. lbs.	Jan.-Sept.	188,902	......	0.8
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1984	120,756	......	5.3
FLOWERS & NURSERY PRODUCTS	thous. $	1984	42,905	......	18.6
Anthurium Outshipments[4]	th. dozens	Jan.-Sept.	1,125.9	......	−12.2
Potted Foliage Plants	thous. $	1984	14,050	......	29.7
FRUITS & NUTS	thous. $	1984	39,749	......	3.2
Papaya Sales	th. lbs.	Jan.-Sept.	37,519	......	−27.6
Average Farm Price	cents/lb.	September	17.0	6.3	44.1
Macadamia Nut Sales (in shell)	th. lbs.	1984	37,700	......	3.5
Average Farm Price	cents/lb.	1984	69.2	......	5.3
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-Sept.	51,850	......	0.4
LIVESTOCK	thous. $	1984	87,025	......	0.6
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Sept.	24,689	......	5.4
Average Farm Price (Feedlot Beef)	cents/lb.	September	74.5	−2.0	−20.3
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Sept.	4,561	......	2.1
Average Farm Price	cents/lb.	September	103.0	0.5	−1.9
MILK PRODUCTION	mil. lbs.	Jan.-Sept.	106.7	......	−6.1
Average Price Sold to Plants	$/100 lbs.	September	20.87	2.9	1.0
EGG PRODUCTION	mil.	Jan.-Sept.	164.4	......	3.3
Average Farm Price	cents/doz.	September	71.0	−2.7	−15.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE	mil. $	Jan.-Sept.	1,044.7	......	5.1
PRIVATE PERMITS AUTHORIZED					
STATE:					
RESIDENTIAL	thous. $	Jan.-Sept.	456,972	......	62.3
Single Family Units	number	Jan.-Sept.	3,504	......	6.9
Multiple Family Units	number	Jan.-Sept.	2,212	......	216.5
NONRESIDENTIAL	thous. $	Jan.-Sept.	187,310	......	21.6
OAHU:					
RESIDENTIAL	thous. $	Jan.-Sept.	227,447	......	28.0
Single Family Units	number	Jan.-Sept.	1,736	......	−3.9
Multiple Family Units	number	Jan.-Sept.	1,530	......	162.4
NONRESIDENTIAL	thous. $	Jan.-Sept.	116,297	......	10.0
MAUI CO.:					
RESIDENTIAL	thous. $	Jan.-Sept.	121,298	......	274.4
Single Family Units	number	Jan.-Sept.	670	......	37.0
Multiple Family Units	number	Jan.-Sept.	445	......	7,316.7
NONRESIDENTIAL	thous. $	Jan.-Sept.	18,160	......	27.6
HAWAII:					
RESIDENTIAL	thous. $	Jan.-Sept.	68,100	......	69.5
Single Family Units	number	Jan.-Sept.	744	......	5.1
Multiple Family Units	number	Jan.-Sept.	186	......	162.0
NONRESIDENTIAL	thous. $	Jan.-Sept.	29,113	......	24.9
KAUAI:					
RESIDENTIAL	thous. $	Jan.-Sept.	37,123	......	18.6
Single Family Units	number	Jan.-Sept.	354	......	29.7
Multiple Family Units	number	Jan.-Sept.	51	......	30.8
NONRESIDENTIAL	thous. $	Jan.-Sept.	11,598	......	7.7

[3] *Gross taxable income valued at time of shipment.*
[4] *From Hawaii County.*
[5] *Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.*

tively weak summer job creation.

Turning to specific sectors of the economy, visitor counts showed a seasonal resurgence in October. Total overnight and longer arrivals were up 6 percent for the month at 363,630, which put cumulative arrivals 0.5 percent above 1984. This was caused by a combination of a recovering westbound market, now at −0.3 percent for the year, and a weakening though still positive eastbound market, down to a 3.3 percent edge over last year after a stronger showing earlier. Unfortunately, some of the power of the westbound market's recovery has been dissipated because of a fall in the intended length of stay by westbound visitors. For the year, the length of stay hovers at 10.2 days, down from last year's 10.4 days. Also acting as a damper on the recovery is the group tour market, which, for the year, trails 3 percent behind 1984 levels.

The Neighbor Islands continue to show mixed results. Through October, Maui was one percent below 1984 westbound visitor arrivals, and down 2 percent in hotel occupancy rates. The Big Island was 9 percent under last year in visitor arrivals, but 5 percent ahead in hotel occupancy rates. Kauai appeared to be in best shape, up 2.5 percent in arrivals and up 5 percent in occupancy rates.

The picture in agriculture is also mixed. Sugar production through September was down 10 percent, selling at prices that averaged 6 percent lower than in 1984. As a result of cost reduction efforts, industry employment for the year also averaged 7 percent lower. Sales of canned pineapple plunged 45 percent during the same period, while fresh shipments held to a one percent gain. Average employment in the pineapple industry was also depressed, down 10 percent. Things were somewhat better in diversified agriculture, where tax base sales were 2 percent over last year's double-digit performance. Despite good sales, however, job counts were 11 percent less than in 1984, mostly because of a reduction in the number of self-employed growers.

The construction industry continues its recovery. Construction put in place statewide through September was 5 percent above last year, much improved after recording a 25 percent deficit in January during the construction workers' strike. Among the Neighbor Islands, Maui and Kauai have come back to 1984 levels.

The outlook for future construction appears promising. The value of private residential building permits statewide was running 62 percent ahead through September, primarily because of a jump in proposed multi-family unit construction. The value of nonresidential permits was also ahead by 22 percent. Public construction contracts statewide, which are about a fourth the size of private permits in value, were down 30 percent through October. Even so, projects by county governments were 36 percent higher, primarily because of Maui's $7.3 million contract for the new Wailuku Police Station, which also gave Maui County a 50-percent increase in public contract awards this year while the other counties show over-the-year declines.

HAWAII'S RETAIL INDUSTRY

Retail trade is one of the dominant forces in Hawaii's economy. During 1984, retail sales reached $8.5 billion, comprising over one-third of the $23.9 billion worth of business receipts in the state. The retail industry outpaced the $5.5 billion-per-year service sector (which includes hotels) and the $6.1 billion-per-year wholesaling sector.

In terms of jobs, Hawaii's retailers employed approximately 91,700 workers during 1984, which was about the same as government employment. Together, retail and government jobs comprised about 40 percent of all the jobs in the state. Only the service sector, with 109,600 jobs, employed more people.

Looking at the number of business establishments, retail stores were among the front-runners. Of the 24,520 establishments with payrolls in Hawaii during 1983, 27 percent or 6,640 were involved in retail trade. Only the service sector with 32 percent and 7,890 businesses placed higher.

Retail trade covers a wide range of establishments, included in this sector are: general merchandise stores, grocery stores, hardware and building material stores, gas stations, car dealers, restaurants and bars, and a wide variety of other specialty stores.

Food stores, by far, dominated the retail sector. They accounted for 21 percent of all retail sales. Eating and drinking establishments were second in sales volume with 17 percent, followed by hardware and building material stores, and car dealers with 13 percent and 11 percent, respectively.

Historically, the retail sector has been a strong growth area. Sales have more than quadrupled in the past fifteen years, going from $2 billion in 1970 to $8.5 billion in 1984. With average annual gains of 11 percent between 1970 and 1984, retail sales were one of the most consistent sources of business expansion.

This sales growth translated into

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Oct.	226,066	......	−29.7
Oahu	thous. $	Jan.-Oct.	159,689	......	−34.2
Maui County	thous. $	Jan.-Oct.	37,289	......	50.3
Hawaii	thous. $	Jan.-Oct.	15,503	......	−9.6
Kauai	thous. $	Jan.-Oct.	13,590	......	−63.4
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Oct.	73,087	......	−32.4
State	thous. $	Jan.-Oct.	78,952	......	−50.4
County	thous. $	Jan.-Oct.	74,028	......	35.9
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	Oct.	363.5	−0.3	3.2
HIGH-RISE	1967 = 100	Oct.	382.1	−0.1	2.9
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-Sept.	1,999	......	14.6
Average Price	dollars	Jan.-Sept.	168,337	......	−1.4
Condominium	number	Jan.-Sept.	2,433	......	15.3
Average Price	dollars	Jan.-Sept.	104,372	......	−3.8
OAHU: Single Family	number	Jan.-Sept.	1,472	......	14.9
Average Price	dollars	Jan.-Sept.	185,645	......	−0.8
Condominium	number	Jan.-Sept.	1,990	......	17.9
Average Price	dollars	Jan.-Sept.	100,623	......	−1.8
MAUI CO.: Single Family	number	Jan.-Sept.	188	......	21.3
Average Price	dollars	Jan.-Sept.	147,286	......	−18.4
Condominium	number	Jan.-Sept.	315	......	1.6
Average Price	dollars	Jan.-Sept.	127,394	......	−11.4
HAWAII: Single Family	number	Jan.-Sept.	281	......	10.6
Average Price	dollars	Jan.-Sept.	96,636	......	8.2
Condominium	number	Jan.-Sept.	68	......	−16.0
Average Price	dollars	Jan.-Sept.	96,131	......	4.4
KAUAI: Single Family	number	Jan.-Sept.	58	......	5.5
Average Price	dollars	Jan.-Sept.	144,679	......	8.0
Condominium	number	Jan.-Sept.	60	......	93.5
Average Price	dollars	Jan.-Sept.	117,195	......	−9.6
BUSINESS SALES					
GROSS BUSINESS RECEIPTS	mil. $	Jan.-Sept.	18,458.3	......	1.7
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Sept.	396.5	......	−3.3
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Sept.	191.6	......	1.9
RETAILING	mil. $	Jan.-Sept.	6,710.8	......	4.4
WHOLESALING	mil. $	Jan.-Sept.	4,516.6	......	−2.7
SERVICES	mil. $	Jan.-Sept.	4,459.8	......	6.1
OAHU NEW CAR SALES	number	Jan.-Sept.	30,295p	......	−0.6
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Sept.	5,239	......	−0.1
GAS SALES	th. therms.	Jan.-Sept.	36,515	......	0.8
TELEPHONE LINES IN SERVICE	thous.	September	461.4	0.5	1.1
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	October	302.7	0.2	2.8
All Urban Consumers	1967 = 100	October	295.6	0.2	2.9

p = *preliminary*.

FIRST
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population and income in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1984	1,141.3p	......	2.4
Total Resident Population	thous.	July 1, 1984	1,038.7p	......	2.0
OAHU:					
Total De Facto Population	thous.	July 1, 1984	859.8p	......	1.5
Total Resident Population	thous.	July 1, 1984	805.3p	......	1.6
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1984	114.5p	......	10.3
Total Resident Population	thous.	July 1, 1984	83.1p	......	4.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1984	112.5p	......	1.7
Total Resident Population	thous.	July 1, 1984	106.4p	......	3.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1984	54.4p	......	7.3
Total Resident Population	thous.	July 1, 1984	44.0p	......	2.1
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1984	981.9p	......	2.0
MILITARY PERSONNEL:					
STATE	number	July 1, 1984	60,804	......	3.0
Ashore	number	July 1, 1984	56,321	......	4.8
Afloat	number	July 1, 1984	4,483	......	−14.9
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1984	67,083	......	1.3
FOREIGN IMMIGRATION[1]	number	Jan.-Sept.	4,162	......	7.0
INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	14,191p	0.9	5.0
EMPLOYMENT INCOME[2]	mil. $	2nd Qtr.	10,332p	1.3	5.1
Manufacturing	mil. $	2nd Qtr.	465p	2.9	−0.2
Construction & Mining	mil. $	2nd Qtr.	552p	5.1	1.1
Wholesale	mil. $	2nd Qtr.	434p	2.4	6.4
Retail	mil. $	2nd Qtr.	1,190p	1.1	5.2
Finance, Ins., & Real Estate	mil. $	2nd Qtr.	690p	1.9	2.7
Trans., Comm., & Util.	mil. $	2nd Qtr.	899p	1.0	2.3
Services	mil. $	2nd Qtr.	2,360p	1.7	8.9
Farm & Other	mil. $	2nd Qtr.	356p	0.0	6.9
Federal Civilian	mil. $	2nd Qtr.	980p	2.1	9.3
Federal Military	mil. $	2nd Qtr.	1,267p	−1.6	4.1
State & Local	mil. $	2nd Qtr.	1,140p	1.0	1.9
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	2,698p	0.3	6.1
TRANSFER PAYMENTS (1,867) minus Personal Contributions for Social Insurance (706)	mil. $	2nd Qtr.	1,161p	−1.0	1.9
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1984	13,042p	......	5.6
Oahu	dollars	1983	12,697p	......	4.9
Maui County	dollars	1983	10,963p	......	3.4
Hawaii	dollars	1983	9,396p	......	3.1
Kauai	dollars	1983	9,867p	......	2.7

***Total personal income and all components are seasonally adjusted at annual rates.*

[1] *Includes only those entering Honolulu ports and do not include status changes.*

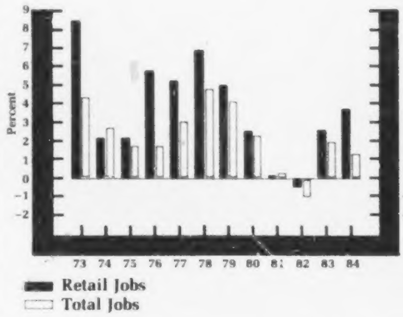
[2] *Includes wage and salary disbursements, proprietors' income, and other labor income.*

p = preliminary.

HAWAIIAN BANK
F.D.I.C.

thousands of new jobs, resulting in retail job growth well above the all-industry average. Between 1972 and 1984, the total number of jobs in the state advanced by 30 percent. By comparison, during the same period, retail jobs jumped 52 percent. As seen in Figure 1, over the past twelve years, retail jobs generally grew at a much faster pace than the all-industry average.

FIGURE 1
RETAIL AND TOTAL JOB GROWTH
STATE OF HAWAII
1973-1984



While overall retail growth has been strong, growth has not been consistent across the various subsections of the industry. These trends were highlighted in a recent report by the Department of Planning and Economic Development.

Table 1 shows the change in composition of the retail industry over a 15 year time span. According to the table, grocery stores maintained their dominance in retail sales during the last 15 years, in spite of a slight reduction in market share over time. General merchandise stores, on the other hand, dropped to third place in the 1982 census. The data in Table 1 suggest that consumer preference moved away from general merchandise stores, and more

TABLE 1
RETAIL SALES BY TYPE OF BUSINESS
STATE OF HAWAII

TOTAL SALES (BIL. $)	1967 $1.0	1972 $1.8	1977 $3.2	1982 $5.1
PERCENT DISTRIBUTION	100%	100%	100%	100%
Bldg. Material	2	2	2	3
Gen. Merchandise	19	18	18	13
Food Stores	23	22	20	21
Car Dealers	15	15	14	11
Gas Stations	7	6	5	8
Apparel Stores	6	6	6	7
Home Furnishing	4	4	3	3
Restrt. & Bars	13	14	15	17
Drug Stores	4	5	6	7
Misc. Stores	6	8	10	10

Source: State of Hawaii, Department of Planning and Economic Development.

towards specialty stores. Stores that showed gains in sales volume specialized in building materials, hardware, and garden supplies, clothes and accessories, drug, and miscellaneous commodities such as liquor, flowers, and books.

Table 2 shows the growth rates for the various retail subsectors between the 1977 and 1982 census surveys. Gains were seen in both the number and sales volume of stores with no payrolls. "Mom and Pop" stores (stores with no payrolls) made up 45 percent of the 8,920 retail stores in the state, but only 2 percent of the sales. During the five year inter-census period, they had a 26 percent gain in number and a 28 percent gain in sales volume.

During the same five years, general merchandise store sales grew a modest 13 percent, compared to an industry average of 58 percent. This accounted for their drop from second to third place.

TABLE 2
RETAIL TRADE BY TYPE OF BUSINESS STATE OF HAWAII

	1982		PERCENT CHANGE FROM 1977	
	NO. STORES	SALES (BIL$)	NO. STORES (%)	SALES (%)
ALL STORES	8,920	5.2	19	58
STORES WITH NO PAYROLLS	2,780	.1	26	28
STORES WITH PAYROLLS	6,140	5.1	16	58
Bldg. Material	139	.1	21	98
Gen. Merchnds.	150	.7	−16	13
Food Stores	800	1.[illegible]	27	66
Car Dealers	230	.5	0	18
Gas Stations	370	.5	−4	131
Apparel Stores	790	.4	32	82
Home Furnishing	340	.2	15	64
Restrt. & Bars	1,740	.9	18	82
Drug Stores	120	.3	17	89
Misc. Stores	1,480	.5	16	62

Source: State of Hawaii, Department of Planning and Economic Development.

While people were spending proportionately less at general stores, they were definitely spending more at restaurants and bars. The latest retail census shows that restaurants and bars moved up into second place. Sales shot up 82 percent from $479 million in 1977 to $873 million in 1982, and the number of establishments jumped 18 percent from 1,480 to 1,740. This was substantially above the retail industry average.

Gas stations showed a mixed picture. While service stations actually dropped in number between census surveys, their sales improved a dramatic 131 percent. Sales gains reflected, in part, the dramatic increases in Arab oil prices that occurred in 1973 and 1979.

While the retail sector grew substantially over the years in terms of number of establishments and value of sales, unfortunately wages for its workers re-

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	September	469.0p	−2.8	1.1
Employment	thous.	September	443.2p	−2.6	1.5
Unemployment	thous.	September	25.8p	−5.1	−6.2
Unemployment Rate	percent	September	5.5p	−1.8	−6.8
OAHU:					
Civilian Labor Force	thous.	September	355.5p	−2.8	0.9
Employment	thous.	September	338.0p	−2.6	1.7
Unemployment	thous.	September	17.6p	−5.4	−11.1
Unemployment Rate	percent	September	4.9p	−3.9	−12.5
MAUI COUNTY:					
Civilian Labor Force	thous.	September	44.4p	−3.5	3.3
Employment	thous.	September	41.6p	−3.7	3.0
Unemployment	thous.	September	2.8p	0.0	7.7
Unemployment Rate	percent	September	6.3p	3.3	5.0
HAWAII:					
Civilian Labor Force	thous.	September	47.4p	−2.3	1.1
Employment	thous.	September	43.5p	−1.6	0.0
Unemployment	thous.	September	3.9p	−9.3	11.4
Unemployment Rate	percent	September	8.1p	−8.0	11.0
KAUAI:					
Civilian Labor Force	thous.	September	21.8p	−2.7	−0.9
Employment	thous.	September	20.3p	−2.9	−0.5
Unemployment	thous.	September	1.6p	3.3	−3.1
Unemployment Rate	percent	September	7.0p	4.5	−4.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	September	454.5p	−1.9	2.1
SUGAR (Mill and Field)	thous.	September	7.5p	−2.6	−6.3
PINEAPPLE (Cannery and Field)	thous.	September	3.8p	−19.1	−2.6
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	September	16.0p	−0.6	0.6
Durable Goods	thous.	September	3.2p	0.0	6.7
Non-Durable Goods	thous.	September	12.9p	0.0	0.0
Apparel and Textiles	thous.	September	3.1p	0.0	6.9
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	September	7.5p	0.0	−13.8
CONTRACT CONSTRUCTION	thous.	September	18.6p	0.0	20.8
TRANSPORTATION	thous.	September	22.9p	0.4	3.6
COMMUNICATION	thous.	September	7.4p	0.0	−1.3
UTILITIES	thous.	September	2.5p	0.0	2.1
RETAIL TRADE	thous.	September	93.2p	−1.2	2.1
WHOLESALE TRADE	thous.	September	18.9p	−1.6	−0.5
FINANCE, INSURANCE AND REAL ESTATE	thous.	September	32.2p	−0.6	1.9
HOTEL SERVICES—STATE	thous.	September	28.4p	−0.7	2.2
Oahu	thous.	September	16.1p	0.6	3.2
Maui County	thous.	September	6.4p	−1.5	1.6
Hawaii	thous.	September	3.7p	−2.6	0.0
Kauai	thous.	September	2.2p	−4.3	0.0
OTHER SERVICES	thous.	September	81.0p	0.4	1.1
FEDERAL GOVERNMENT	thous.	September	32.6p	−0.3	1.6
Civilian Agencies	thous.	September	11.8p	0.0	1.7
Defense Department	thous.	September	20.8p	−0.5	1.5
STATE GOVERNMENT	thous.	September	41.5p	−6.7	2.5
COUNTY GOVERNMENT	thous.	September	15.1p	−9.0	18.0
NON-AGRICULTURE SELF-EMPLOYED	thous.	September	25.7p	−6.2	0.0
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	September	9,910	7.2	−16.9
INTRASTATE INITIAL CLAIMS	number	Jan.-Sept.	52,164	......	−4.6
INTERSTATE INITIAL CLAIMS	number	Jan.-Sept.	2,925	......	−4.9
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Sept.	50,761	......	−8.3

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	September	57,710	−0.4	−4.9
Payments	thous. $	Jan.-Sept.	73,392	......	−4.7
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	September	44,935	−4.7	2.6
Payments	thous. $	Jan.-Sept.	129,512	......	12.2
FOOD STAMPS:					
Recipients[1]	no./persons	August	96,566	0.9	−1.9
Payments	thous. $	Jan.-Aug.	61,525	......	16.6
SERVICES:					
Recipients[1]	no./cases	3rd Qtr.	7,695	−1.2	11.5
Payments	thous. $	Yr. to 3rd Qtr.	11,402	......	13.6

[1] *Count of recipients is duplicated. A person may be counted in each category.*

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	September	7,178.9	0.5	12.7
Debits To Demand Deposits	mil. $	Jan.-Sept.	69,978.2	......	1.5
OAHU:					
Total Deposits	mil. $	September	5,976.0	0.9	13.6
Debits To Demand Deposits	mil. $	Jan.-Sept.	63,619.4	......	0.8
MAUI COUNTY:					
Total Deposits	mil. $	September	451.2	−2.7	9.6
Debits To Demand Deposits	mil. $	Jan.-Sept.	2,730.4	......	9.8
HAWAII:					
Total Deposits	mil. $	September	507.2	−0.2	8.1
Debits To Demand Deposits	mil. $	Jan.-Sept.	2,599.0	......	10.1
KAUAI:					
Total Deposits	mil. $	September	244.5	−2.2	5.6
Debits To Demand Deposits	mil. $	Jan.-Sept.	1,055.5	......	11.5
BANK LOANS OUTSTANDING—STATE:	mil. $	3rd Qtr.	4,472.6	1.6	12.7
Real Estate	mil. $	3rd Qtr.	1,816.2	3.0	10.5
Consumer	mil. $	3rd Qtr.	1,008.1	2.7	10.8
Commercial & Industrial	mil. $	3rd Qtr.	1,295.2	−2.0	15.0
Other	mil. $	3rd Qtr.	353.1	5.0	21.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	September	11.6	3.6	−13.4
SAVINGS & LOAN ASSOCIATIONS:[1]					
TOTAL DEPOSITS	mil. $	June	3,626.7	0.2	−4.7
LOANS	mil. $	June	48.2	−30.3	−5.3
Residential	mil. $	June	27.2	−38.9	−5.6
Other	mil. $	June	21.1	−14.6	−4.5
TAX COLLECTIONS:[2]					
STATE	thous. $	Jan.-Sept.	1,117,569	......	7.2
Oahu	thous. $	Jan.-Sept.	968,668	......	6.3
Maui County	thous. $	Jan.-Sept.	64,256	......	14.4
Hawaii	thous. $	Jan.-Sept.	59,983	......	10.7
Kauai	thous. $	Jan.-Sept.	24,660	......	21.3

[1] *Includes data for both Hawaii and Guam.*
[2] *Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.*

mained extremely low. In 1984, retail workers earned an average of $10,258 per year, 40 percent less than the all-industry average of $16,714 per year. Restaurant and bar workers fared even worse, with an average annual wage of $7,319, they made 56 percent less than the state average (this number, however, does not take most tips into consideration).

The retail industry in Hawaii is driven by several factors. Among the primary ones are the level of visitor spending, interest rates, inflation, and population growth. Visitor spending closely shadows retail sales. For example, tourists spent almost $4.6 billion last year, providing a significant stimulus to retail sales in Hawaii.

Combined with Hawaii's higher prices, visitor spending made the state one of the major retail capitals in the nation. According to *Sales and Marketing Management* magazine, during 1984 Hawaii ranked second, behind Alaska, in the value of retail sales per household. Buying an average of $19,350 per household in retail goods, Hawaii was 30 percent above the national average of $14,900.

So far in 1985, retail sales have slowed. During the first nine months of this year, retailers had a modest 4-percent gain, representing a significant drop from the 10 percent seen during the same period in 1984. One factor contributing to the slowdown was the impact of the United Airlines pilot strike earlier this year which resulted in an estimated loss of $137 million in visitor spending.

While 1985 sales are not as strong as 1984's, it should be remembered that the most important data are not in yet. December is, by far, the crucial month for most retailers. According to industry officials, as much as 40 percent of a retailers' sales, and 60 percent of a retailers' profits for the entire year are determined in the month of December alone.

In the future, retail trade should continue to be one of Hawaii's major growth areas. According to the State of Hawaii Department of Planning and Economic Development, the retail industry is expected to maintain its pattern of modest growth, but not the kind of spectacular growth seen in 1984. Total wages and total sales were predicted to grow at 8 percent in 1986, and an additional 8 percent in 1987. Jobs, however, will expand at a more moderate 3 percent per year. The anticipated expansion will bring annual retail sales well over the $10 billion mark by 1987. Thus, as in the past, the retail industry should continue its dominant role in Hawaii's economy.

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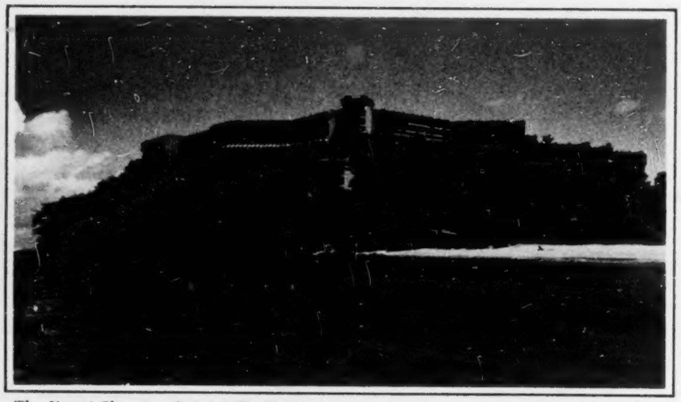

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank January/February 1986

Hawaii's Sports Industry

Hawaii is a natural place for sports. The year-round warm and sunny climate, lush island scenery, and miles of beaches are powerful lures for outdoor sports and recreation. But sports are not just an enjoyable pastime. The sports industry represents an important part of Hawaii's business scene.

For example, more than 10,000 people came to Hawaii for the 1984 Honolulu Marathon. Participants spent $12.3 million in Hawaii, and stayed an average of 11 days. Seventy-eight percent of the participants rented hotel accommodations. Fifty-eight percent of the participants had visited the islands before, with 40 percent of the people coming as part of a tour group. The 1983 Ironman Triathlon World Championship held in Kona is another example. Nine hundred sixty-four athletes participated and 597 members of the news media covered the event accounting for a total of $4.2 million in spending. This translates to $1.5 million in additional household income for Hawaii residents, enough to support 100 full-time jobs for a year and to generate $300,000 in tax revenues.

Media coverage for sports events helps to stimulate interest in Hawaii nationwide, which indirectly benefits tourism. Major nationally televised sports include: football (the Aloha Bowl, NFL Pro Bowl, Hula Bowl, and University of Hawaii Football); basketball (the Chaminade Classic and Rainbow Classic); golf (the Hawaiian Open, Kapalua International, LPGA Women's Kemper Open, and Nissan Cup); and the Kona Ironman Triathlon. Other sports events include the Transpacific Yacht race, a number of professional tennis tourneys, and the Hawaiian International Billfish Tournament.

The economic benefits of these broadcasts are severalfold: first, are the revenues received for television rights to the event. Second, is the publicity through the national and international sporting community; and, third, are the images of Hawaii's natural beauty which accompany the sports coverage, and enhance the state's popularity as a visitor destination.

Sports are also a major contributor to Hawaii's retail market. In 1982, $39 million in sporting goods sales were recorded in the state; this represents a per-capita sales figure of $39.28, higher than the national per capita sales of $32.49. Sales in 1982 represented a healthy 7.4 percent rate of growth over the previous five years. A significant portion of that gain is attributed to the 100 percent leap in visitor spending which occurred over the same period.

In addition, Hawaii residents enjoy watching live sports. While attendance at Hawaii Islander games has fallen, public high school and University of Hawaii-Manoa sporting events have shown rising attendance over the past five years. However, our resident sports fans are not big spenders when it comes to spectator events; they spent $7.3 million or $9.79 per capita for spectator sports, compared to the national average of $14.66 per capita in 1983.

The outlook for the local sports industry is uncertain. Gate receipts for the Aloha Stadium in 1984 totalled $2.3 million, continuing a slow but steady increase. Attendance of just over a million people in 1984 was 6 percent over the previous year and the first million-plus figure in five years, but this was still below the attendance records set in the first two years after the stadium opened in 1975. Statistics for University of Hawaii football show that both attendance and receipts in 1985 were down substantially.

To date, professional sports teams have not done well in the islands. The Hawaii Islanders baseball team remains after enduring a number of financial close calls during their 26 seasons in Hawaii. Some less fortunate sports ventures include the Hawaii Chiefs basketball team (1961-1962), the Hawaii Leis tennis team (1974-1976), the Hawaiians football team (1974-1975), Team Hawaii for soccer (1977), and the Hawaii Volcanos basketball team (1979). Speculation continues among local fans on the possibility of establishing a franchise team here in the United States Football League.

Overall, the sports industry represents a multi-million dollar component of the economy; it is fed by the spending of visiting athletes, visitors attracted to the state by media coverage of local sporting events, gate receipts, and retail sales. Sports offer a promising avenue towards the continued diversification of Hawaii's economy, as well as the kind of healthy recreation that enhances the quality of life for island residents.

As the mixed picture of recent trends suggests, it is also a sector that cannot be taken for granted. Looking to the future, a sports medicine facility is planned at the Hyatt Waikoloa in South Kohala now under development, and proposals have been made to establish international sports training facilities in Hawaii. The Hawaii Visitors Bureau has just published a Hawaii 1986 Sports calender listing 176 sporting events scheduled for this year alone. These events should do much to reinforce Hawaii's rewarding sports-tourism connection. The training of the Sail America yachting team in Hawaii is not only making news, but could be the harbinger of bigger things to come. The team and its million-dollar high-tech boats will be challenging the Australians for the America's Cup this October.

These are but a few of the exciting developments in Hawaii's love affair with sports. It is a relationship that merits special care, for Hawaii has much to gain by working toward and becoming the sports center of the Pacific.

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JANUARY/FEBRUARY FEATURE STORY: HAWAII'S FILM INDUSTRY

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CURRENT BUSINESS TRENDS

November's gross business receipts displayed a seasonal pause before the Christmas flurry, down 8 percent from October. For the year, however, business sales of $22 billion through November remained 2 percent ahead of 1984 on the strength of sectors such as construction, retailing, and services. It thus appears likely that, when the final tally is made, receipts for all of 1985 will have a slim margin over 1984. These state trends were mirrored in Oahu's $19 billion in business sales through November, up 1.8 percent from last year. Maui County did even better, recording a 5 percent rise above its stellar performance the year before. Kauai was an impressive 8 percent ahead, while the Big Island through November continued to lag 1984 slightly, down 0.6 percent.

The seasonal pause in the economy also appeared in Hawaii's labor statistics. Rather than the nearly 2 percent year-to-year employment gains of most months in 1985, November's increase was just 0.9 percent. The job count also revealed a slight slippage, from a 2.2 percent over-the-year increase in September and October to a 1.7 percent gain in November at 463,950 jobs. Fortunately, the unemployment rate held to a low 5.6 percent for the month, still under the national average of 7 percent.

Hawaii's visitor industry closed 1985 with a total tally of 4,870,130 visitors through December, surprisingly good considering May's 29-day United Airlines strike. This total represents about the same impressive level of visitor traffic received in 1984, a year with an 11 percent gain. What made for this year's remarkable show of resiliency was Hawaii's eastbound visitor market, where strong spring and summer arrivals put the year's total at 1,170,990 visitors, up 3 percent, which helped to compensate for a softening westbound market of 3,699,140 visitors, down 0.6 percent.

The extent of the westbound market's retreat varied considerably by island.

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	4th Qtr.	4,076p	1.5	5.8
In 1982 Dollars	bil. $	4th Qtr.	3,613p	0.8	2.8
PERSONAL INCOME**	bil. $	November	3,345p	0.6	5.1
INTEREST RATES					
AVERAGE PRIME RATE	percent	December	9.50	0.0	−14.1
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	October	347.8p	0.5	9.3
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	September	370.2	0.4[1]	2.1
Apts. Hotels. Office Bldgs	1967 = 100	September	368.0	0.4[1]	1.3
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	November	107,927	0.1	1.9
UNEMPLOYMENT*	thous.	November	8,140	−1.8	.0
UNEMPLOYMENT RATE*	percent	November	7.0	−1.4	−1.4
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	December	323.4	0.2	3.6
All Urban Consumers	1967 = 100	December	327.4	0.2	3.8
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	November	296.7p	0.8	1.6
All Commodities	1967 = 100	October	308.0p	0.7	−0.5

p = preliminary.
[1] *Compared to July, 1985.*
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Nov.	22,333.7	......	2.0
Oahu	mil. $	Jan.-Nov.	18,813.2	......	1.8
Maui County	mil. $	Jan.-Nov.	1,538.3	......	4.9
Hawaii	mil. $	Jan.-Nov.	1,435.0	......	−0.6
Kauai	mil. $	Jan.-Nov.	547.2	......	7.8
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Nov.	484.5	......	−0.5
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Nov.	229.0	......	2.3
RETAILING	mil. $	Jan.-Nov.	8,127.1	......	4.0
WHOLESALING	mil. $	Jan.-Nov.	5,518.8	......	−2.0
SERVICES	mil. $	Jan.-Nov.	5,320.8	......	6.1
OAHU NEW CAR SALES	number	Jan.-Nov.	38,064p	......	1.8
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	December	305.8	0.5	2.8
All Urban Consumers	1967 = 100	December	298.5	0.5	3.0
TOURISM					
VISITOR EXPENDITURES	mil. $	1984	4,582p	......	15.3
OVERNIGHT OR LONGER VISITORS	number	December	442,830p	21.1	2.3
	number	Jan.-Dec.	4,870,130p	......	0.3
Westbound	number	December	330,470p	17.0	2.3
	number	Jan.-Dec.	3,699,140p	......	−0.6
Eastbound	number	December	112,360p	34.9	2.2
	number	Jan.-Dec.	1,170,990p	......	3.2
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Dec.	103,600p	......	−2.5
AVERAGE LENGTH OF STAY	no. of days	Jan.-Dec.	10.2p	......	−2.9
MEETING ATTENDANCE	number	Jan.-Dec.	247,166	......	−3.1
ORGANIZED GROUP TOURS	number	Jan.-Dec.	835,330p	......	−4.9
VISITOR COUNT BY COUNTY[1]					
Oahu	number	December	239,710p	12.1	−0.7
	number	Jan.-Dec.	2,818,950p	......	−2.8
Maui County	number	December	147,510p	9.2	2.8
	number	Jan.-Dec.	1,826,930p	......	−1.5
Hawaii	number	December	59,850p	14.0	−2.3
	number	Jan.-Dec.	695,340p	......	−8.6
Kauai	number	December	67,870p	7.6	6.4
	number	Jan.-Dec.	833,380p	......	2.3

p = preliminary. [1] *Estimated Westbound.*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1985	65,919	2.1[2]	5.6
Oahu	number	Feb., 1985	38,600	0.6[2]	4.8
Waikiki	number	Feb., 1985	33,879	0.7[2]	5.1
Maui (Island)	number	Feb., 1985	13,515	4.3[2]	8.1
Molokai	number	Feb., 1985	627	−0.9[2]	0.0
Lanai	number	Feb., 1985	10	100.0[2]	−16.7
Hawaii	number	Feb., 1985	7,511	8.2[2]	5.1
Kauai	number	Feb., 1985	5,656	−0.7[2]	6.5
HOTEL OCCUPANCY:					
STATE	percent	November	75.9p	2.2	−1.4
		Jan.-Nov.	76.9p	......	−0.6
Oahu	percent	November	81.4p	4.6	−1.5
		Jan.-Nov.	82.1p	......	−1.4
Maui (Island)	percent	November	78.3p	−0.6	−1.6
		Jan.-Nov.	79.6p	......	−2.6
Hawaii	percent	November	59.1p	−2.2	−2.0
		Jan.-Nov.	58.2p	......	4.1
Kauai	percent	November	61.7p	−2.1	1.6
		Jan.-Nov.	66.1p	......	3.8
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,547.3	......	6.8
Military Payroll	mil. $	Yr. to 3rd Qtr.	647.5	......	3.0
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	455.2	......	4.0
Local Purchases	mil. $	Yr. to 3rd Qtr.	444.6	......	16.2
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	thous. $	1984	256,200	......	−4.0
SUGAR PRODUCTION	thous. tons	Jan.-Nov.	973.5	......	−6.4
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Nov.	408.60	......	−6.3
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1984	89,928	......	−10.4
SHIPMENTS: CANNED[3]	thous. $	Jan.-Nov.	95,548	......	−50.5
FRESH	thous. lbs.	Jan.-Nov.	229,524	......	3.0
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1984	120,756	......	5.3
FLOWERS & NURSERY PRODUCTS	thous. $	1984	42,905	......	18.6
Anthurium Outshipments[4]	th. dozens	Jan.-Nov.	1,441.3	......	−10.3
Potted Foliage Plants	thous. $	1984	14,050	......	29.7
FRUITS & NUTS	thous. $	1984	39,749	......	3.2
Papaya Sales	th. lbs.	Jan.-Nov.	45,489	......	−28.1
Average Farm Price	cents/lb.	November	16.0	0.0	25.0
Macadamia Nut Sales (in shell)	th. lbs.	1985	37,000	......	−1.9
Average Farm Price	cents/lb.	1985	70.0	......	1.2
VEGETABLES AND MELONS[5]	th. lbs.	Jan.-Nov.	61,510	......	1.6
LIVESTOCK	thous. $	1984	87,025	......	0.6
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Nov.	30,544	......	7.0
Average Farm Price (Feedlot Beef)	cents/lb.	November	82.0	9.3	−6.8
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Nov.	5,595	......	0.7
Average Farm Price	cents/lb.	November	104.0	0.5	0.5
MILK PRODUCTION	mil. lbs.	Jan.-Nov.	129.6	......	−4.8
Average Price Sold to Plants	$/100 lbs.	November	20.74	−1.1	2.9
EGG PRODUCTION	mil.	Jan.-Nov.	201.9	......	5.1
Average Farm Price	cents/doz.	November	70.0	−1.4	−15.7
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Nov.	6,456	......	0.6
GAS SALES	th. therms.	Jan.-Nov.	44,288	......	1.2
TELEPHONE LINES IN SERVICE	thous.	November	464.1	0.3	1.5

p = preliminary.

[2] *Compared to October, 1984.*

[3] *Gross taxable income valued at time of shipment.*

[4] *From Hawaii County.*

[5] *Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.*

Kauai fared the best, finishing the year at 833,380 westbound visitors, up 2 percent. Maui and Oahu were less robust. Maui recorded 1,826,930 visitors, down 1.5 percent, while Oahu hosted 2,818,950 visitors, down 3 percent. The Big Island struggled throughout the year and finished with 695,340 visitors, down 9 percent. The economic impact of all of these ups and downs in the visitor count was diluted by a 3 percent decline in the average length of visitor stays, which slipped from 10.5 days in 1984 to 10.2 days in 1985.

The group tour market showed continued weakness in December, down 7 percent from a year ago, which placed the cumulative count for 1985 at 835,330, down 5 percent from 1984's banner year. Convention attendance also faltered in 1985, down 3 percent at 247,166 participants.

Hawaii's sugar industry breathed an uncertain sigh of relief on December 23rd when President Reagan signed into law the 1985 Farm Act. While the measure continues the essential sugar price supports, it also creates some very austere conditions that the industry will have to face for the next five years.

First, the Act freezes the loan rate, the price growers would receive if they chose to loan their sugar to the price support program rather than accept market prices, at 18 cents per pound. This may permit growers to survive, but only with continued cost reduction efforts. It should be noted that the receipts of Hawaii growers have been less than the loan rate since mid-1984. Second, it requires that the federal government tighten import quotas and take other steps to raise domestic sugar prices to more reasonable levels beginning January 1, 1987.

Showing its continued rebound from past labor strikes, new construction for 1985 through November totalled $1.3 billion, up 12 percent from 1984. Before the impact of the strikes became evident in August of 1984, monthly new construction averaged $116,323. So far, this amount has been exceeded consistently for the past six months.

Building permit data suggest continued growth in private construction in the near-term. All counties show double-digit increases in estimated permit values for both residential and nonresidential construction. Permits for single family unit construction are especially high on Maui and Kauai, while Oahu, Maui, and Kauai recorded sizable gains in permits for multiple family units.

On the other hand, public construction contract awards for 1985 have been substantially depressed. The state total of $249 million for the year is 36 percent below 1984, with weakness coming from both the federal government, down 42 percent, and state government, down 47 percent. Oahu and Kauai were set back the most, off 41 percent and 60 percent, respectively. However, contract awards on Maui remained robust, up 41 percent to $38 million. In addition to its strong building permit activity, Maui County seems set for a very rosy construction year in 1986.

HAWAII'S FILM INDUSTRY

Hawaii's best resources, its natural beauty and its people, are among the prime reasons for our successful visitor industry. Those same assets have also been discovered to be fertile ground for one of Hawaii's emerging and highly promising industries, film and television production. Since statehood, when the industry is estimated to have comprised $2.6 million in local expenditures, film and television production have shot up to $41 million in 1985. The film industry also supported 1,850 direct jobs in 1984. Clearly, the industry is a rapidly growing part of Hawaii's economy (see figures 1 and 2).

FIGURE 1
FILM INDUSTRY EXPENDITURES IN HAWAII
1976-1985

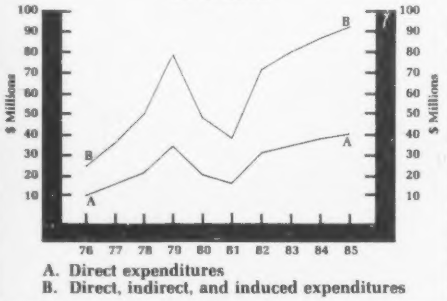
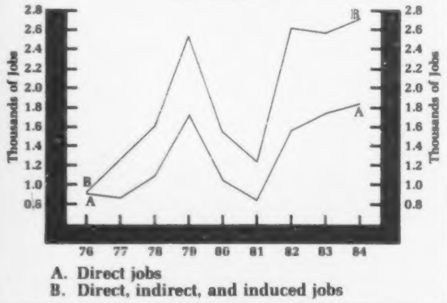


FIGURE 2
FILM INDUSTRY JOBS IN HAWAII
1976-1984



The relative size of the film industry compared to other growing sectors of the economy can be seen using statistics from 1984. The $38 million spent in Hawaii by the film industry was 17

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	Jan.-Nov.	1,286,499	......	12.3
Oahu	thous. $	Jan.-Nov.	1,121,347	......	13.8
Maui County	thous. $	Jan.-Nov.	64,568	......	5.5
Hawaii	thous. $	Jan.-Nov.	74,243	......	−0.6
Kauai	thous. $	Jan.-Nov.	26,341	......	7.1
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	December	363.0	−0.2	3.6
HIGH-RISE	1967 = 100	December	381.1	−0.3	3.0
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-Oct.	499,516	......	53.5
Single Family Units	number	Jan.-Oct.	3,983	......	12.4
Multiple Family Units	number	Jan.-Oct.	2,336	......	127.2
NONRESIDENTIAL	thous. $	Jan.-Oct.	213,715	......	22.1
OAHU: RESIDENTIAL	thous. $	Jan.-Nov.	274,452	......	23.0
Single Family Units	number	Jan.-Nov.	2,244	......	7.1
Multiple Family Units	number	Jan.-Nov.	1,650	......	70.8
NONRESIDENTIAL	thous. $	Jan.-Nov.	145,781	......	13.9
MAUI CO.: RESIDENTIAL	thous. $	Jan.-Oct.	130,492	......	272.2
Single Family Units	number	Jan.-Oct.	752	......	39.0
Multiple Family Units	number	Jan.-Oct.	453	......	7,450.0
NONRESIDENTIAL	thous. $	Jan.-Oct.	23,107	......	40.6
HAWAII: RESIDENTIAL	thous. $	Jan.-Nov.	78,498	......	27.8
Single Family Units	number	Jan.-Nov.	916	......	7.8
Multiple Family Units	number	Jan.-Nov.	190	......	5.0
NONRESIDENTIAL	thous. $	Jan.-Nov.	33,443	......	32.9
KAUAI: RESIDENTIAL	thous. $	Jan.-Nov.	45,077	......	21.3
Single Family Units	number	Jan.-Nov.	430	......	28.0
Multiple Family Units	number	Jan.-Nov.	51	......	30.8
NONRESIDENTIAL	thous. $	Jan.-Nov.	14,860	......	18.4
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Dec.	248,872	......	−36.0
Oahu	thous. $	Jan.-Dec.	177,243	......	−41.1
Maui County	thous. $	Jan.-Dec.	37,766	......	41.1
Hawaii	thous. $	Jan.-Dec.	18,520	......	−19.7
Kauai	thous. $	Jan.-Dec.	15,346	......	−59.7
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Dec.	75,095	......	−42.2
State	thous. $	Jan.-Dec.	94,658	......	−46.5
County	thous. $	Jan.-Dec.	79,119	......	−3.1
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-Nov.	2,528	......	17.5
Average Price	dollars	Jan.-Nov.	169,581	......	0.4
Condominium	number	Jan.-Nov.	3,020	......	18.8
Average Price	dollars	Jan.-Nov.	103,229	......	−5.3
OAHU: Single Family	number	Jan.-Nov.	1,850	......	16.9
Average Price	dollars	Jan.-Nov.	187,803	......	1.2
Condominium	number	Jan.-Nov.	2,484	......	21.3
Average Price	dollars	Jan.-Nov.	99,811	......	−3.4
MAUI CO.: Single Family	number	Jan.-Nov.	236	......	25.5
Average Price	dollars	Jan.-Nov.	150,045	......	−14.3
Condominium	number	Jan.-Nov.	384	......	6.4
Average Price	dollars	Jan.-Nov.	123,260	......	−13.3
HAWAII: Single Family	number	Jan.-Nov.	364	......	15.9
Average Price	dollars	Jan.-Nov.	95,180	......	7.5
Condominium	number	Jan.-Nov.	82	......	−11.8
Average Price	dollars	Jan.-Nov.	99,802	......	9.5
KAUAI: Single Family	number	Jan.-Nov.	78	......	16.4
Average Price	dollars	Jan.-Nov.	143,715	......	7.4
Condominium	number	Jan.-Nov.	70	......	66.7
Average Price	dollars	Jan.-Nov.	118,626	......	−14.6

FIRST H
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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1985	1,149.9p	......	0.9
Total Resident Population	thous.	July 1, 1985	1,053.9p	......	1.6
OAHU:					
Total De Facto Population	thous.	July 1, 1984	859.8p	......	1.5
Total Resident Population	thous.	July 1, 1984	805.3p	......	1.6
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1984	114.5p	......	10.3
Total Resident Population	thous.	July 1, 1984	83.1p	......	4.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1984	112.5p	......	1.7
Total Resident Population	thous.	July 1, 1984	106.4p	......	3.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1984	54.4p	......	7.3
Total Resident Population	thous.	July 1, 1984	44.0p	......	2.1
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1984	981.9p	......	2.0
MILITARY PERSONNEL:					
STATE	number	July 1, 1985	58,005	......	−4.6
Ashore	number	July 1, 1985	53,848	......	−4.4
Afloat	number	July 1, 1985	4,157	......	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1985	64,281	......	−4.2
FOREIGN IMMIGRATION[1]	number	Jan.-Dec.	5,569	......	4.6

p = preliminary.

[1] *Includes only those entering Honolulu ports and do not include status changes.*

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd Qtr.	14,390p	1.1	5.2
EMPLOYMENT INCOME[2]	mil. $	3rd Qtr.	10,502p	1.3	6.3
Manufacturing	mil. $	3rd Qtr.	511p	3.0	15.3
Construction & Mining	mil. $	3rd Qtr.	574p	1.1	13.4
Wholesale	mil. $	3rd Qtr.	445p	0.9	6.0
Retail	mil. $	3rd Qtr.	1,179p	0.2	5.1
Finance, Ins., & Real Estate	mil. $	3rd Qtr.	700p	1.7	3.1
Trans., Comm., & Util.	mil. $	3rd Qtr.	936p	2.3	7.2
Services	mil. $	3rd Qtr.	2,371p	1.4	6.3
Farm & Other	mil. $	3rd Qtr.	345p	−2.5	−1.7
Federal Civilian	mil. $	3rd Qtr.	978p	−0.2	6.0
Federal Military	mil. $	3rd Qtr.	1,276p	0.7	3.8
State & Local	mil. $	3rd Qtr.	1,186p	3.4	7.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd Qtr.	2,712p	0.5	2.6
TRANSFER PAYMENTS (1,894) minus Personal Contributions for Social Insurance (717)	mil. $	3rd Qtr.	1,177p	1.6	1.5
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1984	13,042p	......	5.6
Oahu	dollars	1983	12,697p	......	4.9
Maui County	dollars	1983	10,963p	......	3.4
Hawaii	dollars	1983	9,396p	......	3.1
Kauai	dollars	1983	9,867p	......	2.7

***Total personal income and all components are seasonally adjusted at annual rates.*

[2] *Includes wage and salary disbursements, proprietors' income, and other labor income.*

p = preliminary.

AWAIIAN BANK

times the sales of aquaculture, and almost double that of macadamia nuts. Furthermore, the film industry was nearly equal to the farm value of flowers and nursery products, both industries growing at a neck-and-neck pace.

If the ripple effect of the initial spending in the economy is taken into account, the $38 million of expenditures multiplies to $87 million in direct and indirect impacts, which contribute to the support of 2,720 jobs in the state. The preliminary 1985 figures show a multiplier effect in the economy of $92 million attributable to the film industry, nearly double the amount just five years earlier. While still small in comparison to the $4.6 billion visitor industry, film and television production complements and helps to nourish its gargantuan cousin, and aids other sectors of the economy as well, such as the sports industry (see cover story).

Hawaii's television scene has been busy, beginning with "Hawaiian Eye" (1959-1962), continuing with "Hawaii Five-O" (1967-1980), and now "Magnum P.I." (1980-present). Various episodes of continuing TV series and special shows have taken advantage of our tropical backdrop. In addition, nearly half of the present production consists of commercials, and about half of these, roughly $7 million worth, represent Japanese and other foreign company advertisements.

Nearly 200 feature-length films have been produced in Hawaii, ranging from the now obscure to the movie classic. A special film about Hawaii that has received popular acclaim on the mainland, but has yet to be seen here, is "Behold Hawaii," a 40-minute, $2.5 million spectacle filmed in the IMAX format, which requires projection onto a 70-foot by 96-foot screen. Unfortunately, plans to construct a special theater in Waikiki to show the film were set aside indefinitely because the financial prospects for the project appeared unfavorable.

State and county governments have recognized the potential of this vigorous industry and have taken steps to nurture its development. In 1983, the legislature established a one-stop permit processing office for filmmaking in the Department of Planning and Economic Development to ease the burden of red tape on producers. Details on how to make this work are still being figured out by the agencies involved. The legislature also approved $10 million in special purpose revenue bonds for Aloha Studios, a private local company interested in developing a large-scale movie studio complex. Changes in federal public bond regulations persuaded the company to seek private funds instead.

Another developmental step at the state level has been the relocation of the Hawaii Film Office, the state's film promotion agency, into the administrative structure of the Department of Planning and Economic Development under the new title of Film Industry Branch. While this organizational reshuffle may facilitate the permit streamlining effort, critics suggest the change may have lowered the public stature of the office, an important consideration in an industry where image and prestige are some of the staples of doing business.

The county governments on the Neighbor Islands are in full swing, wooing more film business. A Hawaii Island Film Industry Committee has been organized to encourage more filmmaking. A similar effort is underway on Maui through the Maui County Visitor Association (MCVA). In addition to conducting tours of the island for potential filmmakers, the MCVA is distributing 5,000 brochures to producers describing the support available from the Maui County Film Advisory Committee.

Kauai County seems to have progressed the farthest, recording $6 million in local production spending from 1983 to 1985. More than 30 major motion pictures have been filmed there since 1950, and recent activity by Japanese film companies has increased significantly. A special assistant to the mayor has been working full-time at attracting more production work to Kauai. This and other efforts appear to be bringing good results. The "Behold Hawaii" IMAX film mentioned earlier is actually a spotlight on Kauai's breathtaking landscape. "South Pacific" and "Raiders of the Lost Ark" also were filmed on the island.

The time-consuming permit requirement is not the only disincentive facing filmmakers who work here. Hawaii's high cost of living translates into a high cost of doing film business, up to 20 percent higher on Oahu than on the mainland. On the Neighbor Islands, costs can be as much as 40 percent higher. The lack of film production courses at the University of Hawaii is another factor that has been identified as an obstacle to the industry's future growth. On the Neighbor Islands, film and television support equipment and services are lacking. As a consequence, producers working there must coordinate their activities with filming schedules on Oahu where the requisite equipment and desired services are located.

Perhaps the most discussed need of the industry is adequate studio facilities

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	November	479.6p	0.5	0.8
Employment	thous.	November	452.6p	0.4	0.9
Unemployment	thous.	November	27.0p	2.5	−0.7
Unemployment Rate	percent	November	5.6p	1.8	−1.8
OAHU:					
Civilian Labor Force	thous.	November	364.5p	0.8	0.4
Employment	thous.	November	345.9p	0.7	0.8
Unemployment	thous.	November	18.6p	3.0	−6.3
Unemployment Rate	percent	November	5.1p	2.0	−7.3
MAUI COUNTY:					
Civilian Labor Force	thous.	November	44.8p	−0.6	1.4
Employment	thous.	November	42.0p	−0.4	0.7
Unemployment	thous.	November	2.8p	−5.2	10.0
Unemployment Rate	percent	November	6.2p	−3.1	8.8
HAWAII:					
Civilian Labor Force	thous.	November	48.2p	−0.9	3.2
Employment	thous.	November	44.0p	−1.6	1.7
Unemployment	thous.	November	4.2p	6.3	21.7
Unemployment Rate	percent	November	8.7p	7.4	17.6
KAUAI:					
Civilian Labor Force	thous.	November	22.2p	0.7	1.1
Employment	thous.	November	20.7p	0.5	0.7
Unemployment	thous.	November	1.5p	3.6	3.6
Unemployment Rate	percent	November	6.6p	1.5	3.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	November	464.0p	0.6	1.7
SUGAR (Mill and Field)	thous.	November	7.4p	−0.7	0.0
PINEAPPLE (Cannery and Field)	thous.	November	3.5p	−1.4	−5.5
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	November	16.1p	0.3	1.6
Durable Goods	thous.	November	3.2p	0.0	−3.1
Non-Durable Goods	thous.	November	12.9p	0.4	2.8
Apparel and Textiles	thous.	November	3.1p	0.0	6.9
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	November	7.9p	−7.6	0.0
CONTRACT CONSTRUCTION	thous.	November	18.5p	−0.5	28.6
TRANSPORTATION	thous.	November	23.2p	0.4	3.6
COMMUNICATION	thous.	November	7.3p	0.0	−1.4
UTILITIES	thous.	November	2.4p	−2.0	0.0
RETAIL TRADE	thous.	November	94.4p	0.5	0.7
WHOLESALE TRADE	thous.	November	19.2p	1.1	1.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	November	32.2p	0.2	1.3
HOTEL SERVICES—STATE	thous.	November	28.8p	1.4	0.9
Oahu	thous.	November	16.2p	1.9	1.9
Maui County	thous.	November	6.5p	1.6	−1.5
Hawaii	thous.	November	3.9p	1.3	−1.3
Kauai	thous.	November	2.3p	2.2	4.5
OTHER SERVICES	thous.	November	82.1p	0.1	1.4
FEDERAL GOVERNMENT	thous.	November	32.8p	0.6	1.2
Civilian Agencies	thous.	November	12.1p	1.7	3.0
Defense Department	thous.	November	20.7p	0.0	0.0
STATE GOVERNMENT	thous.	November	49.6p	5.1	2.2
COUNTY GOVERNMENT	thous.	November	12.7p	0.0	−1.2
NON-AGRICULTURE SELF-EMPLOYED	thous.	November	26.2p	−1.3	0.4
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	November	8,438	−9.6	−37.6
INTRASTATE INITIAL CLAIMS	number	Jan.-Nov.	62,007	......	−9.1
INTERSTATE INITIAL CLAIMS	number	Jan.-Nov.	3,681	......	−6.5
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Nov.	59,880	......	−15.4

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	November	57,230	−0.4	−4.9
Payments	thous. $	Jan.-Nov.	89,462	......	−4.7
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	November	48,130	6.2	0.5
Payments	thous. $	Jan.-Nov.	154,074	......	10.4
FOOD STAMPS:					
Recipients[1]	no./persons	October	94,541	−1.7	−5.0
Payments	thous. $	Jan.-Oct.	76,783	......	14.3
SERVICES:					
Recipients[1]	no./cases	3rd Qtr.	7,695	−1.2	11.5
Payments	thous. $	Yr. to 3rd Qtr.	11,402	......	13.6

[1] *Count of recipients is duplicated. A person may be counted in each category.*

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	November	7,213.5	0.9	12.8
Debits To Demand Deposits	mil. $	Jan.-Nov.	86,213.1	......	2.6
OAHU:					
Total Deposits	mil. $	November	6,006.7	1.0	13.6
Debits To Demand Deposits	mil. $	Jan.-Nov.	78,416.7	......	2.0
MAUI COUNTY:					
Total Deposits	mil. $	November	459.2	1.1	10.7
Debits To Demand Deposits	mil. $	Jan.-Nov.	3,345.9	......	10.4
HAWAII:					
Total Deposits	mil. $	November	500.3	0.8	7.8
Debits To Demand Deposits	mil. $	Jan.-Nov.	3,167.5	......	7.7
KAUAI:					
Total Deposits	mil. $	November	247.3	−0.2	6.9
Debits To Demand Deposits	mil. $	Jan.-Nov.	1,310.0	......	13.3
BANK LOANS OUTSTANDING—STATE:	mil. $	3rd Qtr.	4,472.6	1.6	12.7
Real Estate	mil. $	3rd Qtr.	1,816.2	3.0	10.5
Consumer	mil. $	3rd Qtr.	1,008.1	2.7	10.8
Commercial & Industrial	mil. $	3rd Qtr.	1,295.2	−2.0	15.0
Other	mil. $	3rd Qtr.	353.1	5.0	21.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	November	11.8	4.4	−5.6
SAVINGS & LOAN ASSOCIATIONS:[1]					
TOTAL DEPOSITS	mil. $	October	3,594.3	.0	−5.3
TOTAL LOANS	mil. $	October	73.9	−8.7	NA
MORTGAGE LOANS	mil. $	October	59.9	−11.4	60.6
TAX COLLECTIONS:[2]					
STATE	thous. $	Jan.-Nov.	1,356,528	......	6.8
Oahu	thous. $	Jan.-Nov.	1,176,229	......	6.1
Maui County	thous. $	Jan.-Nov.	77,420	......	10.9
Hawaii	thous. $	Jan.-Nov.	72,707	......	8.8
Kauai	thous. $	Jan.-Nov.	30,170	......	19.2

[1] *Includes Hawaii and Guam. Reporting categories changed in July, 1985.*

[2] *Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.*

on Oahu, on the Neighbor Islands, or on both. Reportedly, the only professional quality film and sound studio in the state is near Ft. Ruger on Oahu, and it is currently in use for "Magnum P.I." The show's lease on that property is due to expire next year. Officials of Aloha Studios determined that a free-standing studio would not be economically viable, so they proposed building a studio complex at the old Primo Brewery site in Aiea, complete with sound stages and post-production facilities appropriate for both big and small film productions. A visitor center would also be constructed to draw from the millions of visitors who tour the Arizona Memorial nearby. The company acquired the lease on the property last year, but financing problems recently have stymied the project.

The Department of Planning and Economic Development (DPED) is requesting $3.5 million from the 1986 Legislature to develop an Oahu film facility, possibly in Kaneohe or Hawaii Kai. The proposal is to be fleshed out in the results of a $100,000 DPED study commissioned last year, to determine the feasibility and physical requirements of a movie studio. If constructed, the studio could be operated as a joint venture between the state government and a private entity.

A film studio would be an important asset for productions such as a TV series. A local, professional quality film processing laboratory would also be of interest to feature film producers who need such services to develop and review each day's filming. Currently, the film has to be sent to mainland labs at considerable expense and delay.

With the need for economic diversification at the top of Hawaii's public agenda, current proposals aimed at supporting this glamorous and nonpolluting industry are likely to receive special attention. With both public and private film and television industry promotional agencies in place, Hawaii stands a better chance of getting its share of production work in this extremely competitive market.

If the public and private sectors can continue to work cooperatively and succeed in resolving the permit, promotional, and facility hurdles that remain, Hawaii may eventually gain millions of more dollars and thousands of new jobs in its economy from this flourishing and promising industry. Just as important, in the growth and developmental process of the industry, Hawaii may find a model business-governmental partnership that can and should be emulated as we address other important economic issues.

ECONOMIC INDICATORS

A Bimonthly Report on Current Economic Conditions in Hawaii
by the Research Department, First Hawaiian Bank

JANUARY/FEBRUARY 1986

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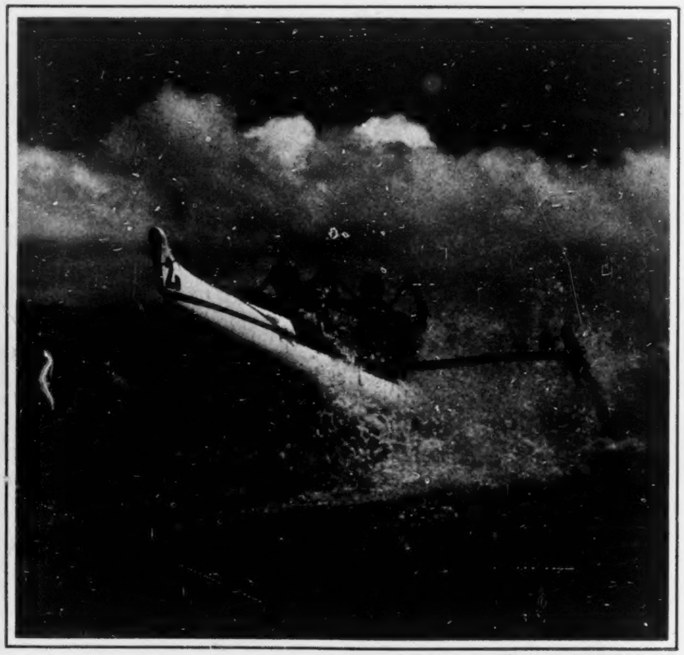

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ECONOMIC INDICATORS

ANNUAL SUPPLEMENT

HAWAII In 1985: A Year-End Summary of Hawaii's Economic Indicators and Outlook for 1986

OVERALL TRENDS

Year-end statistics show that the Hawaiian economy experienced a year of static growth in 1985 after two strong years of expansion. Major factors affecting the performance of the Hawaiian economy in 1985 were the slowdown in the national economy, the unprecedented strength of the American dollar, and the one month long United Airlines strike. Fortunately, the airline strike was short-lived, and is not expected to affect growth in 1986. On the other hand, given the encouraging prospects for growth in the national economy, the overall decline in interest rates, and a moderation in the strength of the dollar, the chance for healthy growth in the Hawaiian economy of 1986 appears high.

As a result of the setbacks in 1985, the total volume of taxable transactions in the state grew by 3.1 percent. Given the increase in the Honolulu Consumer Price Index of 3.3 percent, real growth in the economy, corrected for inflation, declined by 0.2 percent during the year.

Growth trends showed considerable variation by counties. The counties of Honolulu and Hawaii declined by 0.4 and 1.7 percent, respectively, in terms of real growth in total taxable transactions, while Maui and Kauai counties grew by 1.7 and 6.0 percent, respectively.

The generally anemic performance of Hawaii's economy in 1985 was supported by other economic indicators. The sale of new cars on Oahu saw a decline of 1.1 percent during the year compared to a ten-year record growth rate of 15.4 percent in 1984. Total personal income also showed a slowdown, growing by 2.5 percent in inflation-adjusted terms, as of the third quarter of the year compared to the growth rates of 3.8 and 3.9 percent recorded for 1983 and 1984, respectively. State tax revenues increased by 6.0 percent in 1985 compared to increases of 9.9 and 10.3 percent in 1983 and 1984, respectively.

The slowdown in activity was also apparent in financial transactions in the economy. While showing healthy growth, total deposits in commercial banks were slightly below the growth rate of the previous year. Growth in debits to demand deposits, a measure of checking account activity, was also lower than the previous year. Consumer borrowing, however, saw a strong increase of 10.6 percent, above the 9.3 percent growth rate registered in 1984. All major categories of lending saw strong increases including commercial and industrial loans, consumer loans, and real estate loans. Savings and loan institutions showed mixed results over the year. While total deposits in S&Ls declined by 3.1 percent compared to 6.7 percent growth in 1984, mortgage lending increased by 24.7 percent, a distinct improvement over the 10.7 percent decline recorded in 1984. This was attributable to the drop in conventional home mortgage rates which fell from 12.7 to 12.0 percent on a monthly average basis in 1985.

In spite of the general slowdown in the Hawaiian economy, employment and job growth showed moderate improvement. The labor force grew to 481,000 persons, a 1.9 percent increase compared to 0.4 percent in 1984, while the number of people employed increased by 2.0 percent compared to 1.2 percent in 1984. As a result, the unemployment rate remained stable at 5.6 percent in 1985. The number of jobs in the economy also increased by 2.0 percent to 470,100 jobs. This represented a continuation of the overall trend of moderate job growth of 1.8 and 1.2 percent previously achieved in 1983 and 1984.

Growth in Hawaii's economy varied considerably from industry to industry. Visitor and construction industry related jobs did well in 1985, while agriculture and manufacturing jobs did poorly. Public-sector jobs at the federal, state, and county levels saw moderate over-the-year increases. Individual industries are discussed in more detail as follows:

THE VISITOR INDUSTRY

The visitor industry remained stable in 1985 in spite of the slowdown in the national economy, the devastating impact of the United Airlines strike, and the effects of the strong U.S. dollar. Total overnight and longer visitors to Hawaii rose to 4.9 million visitors, a marginal 0.6 percent increase compared to an 11.2 percent visitor increase in 1984.

Of the two major visitor segments, westbound visitors, the segment most affected by the national economic slowdown and the strike, totalled 3.7 million visitors in 1985,

RESEARCH DEPARTMENT
MARCH/APRIL 1986

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representing a decline of 0.3 percent compared to a growth rate of 9.6 percent in 1984. At the same time, the 1985 eastbound market was hard hit by the strength of the U.S. dollar, showing only a 3.6 percent increase in 1985 compared to a growth of 16.7 percent in 1984. Clearly, both major segments were severely impacted in 1985.

The overall poor performance of the industry was reflected in most important indicators. The average daily visitor census was down; the average length of stay was down; attendance for meetings and conventions declined; and organized group tours, as well as hotel occupancies, decreased. Jobs in the hotel industry showed a moderate 0.9 percent increase, while visitor industry related activities, such as retail trade, transportation, and services showed moderate growth.

The overall 1985 performance of the industry varied considerably by county. Kauai fared the best, realizing a 2.6 gain in visitors, while Hawaii fared worse, sustaining an 8.4 percent loss. Honolulu had a 2.5 percent decline, and Maui a 1.3 percent loss in visitors. Oahu saw the largest increase in hotel employment (1.6 percent), followed by Maui, Kauai, and Hawaii.

The prospects for the visitor industry in 1986 look optimistic. The probability of continued expansion at the national level appears high. This will mean greater discretionary income for mainland visitors. The value of the dollar is in decline in relation to major foreign currencies. This will increase the price incentive for foreign travelers, particularly from Japan, to come to Hawaii. Problems in major competing areas such as in Mexico and Europe could also have indirect benefits for Hawaii's visitor industry. Add the increase in the number of airlines and routes servicing Honolulu and the Neighbor Islands and the result should be a good year. The outlook for growth in visitor counts can be expected to reach the 5 to 7 percent range for the year.

MILITARY EXPENDITURES

Military expenditures grew to $2.0 billion in 1985. That represented a 1.3 percent increase in real terms during the year. Of the major sectors of military spending, military payrolls declined by 3.5 percent while civilian payrolls increased by 1.0 percent after correcting for inflation. On the favorable side, local purchases of goods and services increased by 9.7 percent in 1985 to $578 million. Military expenditures in 1985 were clearly held up by local purchases of goods and services. However, the trends affecting military-related income

U.S. ECONOMIC INDICATORS

Series	Unit	Period	1985	1984	Percent Change 1984-85
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	quarterly ave.	3,993p	3,775	5.8
In 1982 Dollars	bil. $	quarterly ave.	3,574p	3,492	2.3
PERSONAL INCOME**	bil. $	monthly ave.	3,294p	3,112	5.8
INTEREST RATES					
AVERAGE PRIME RATE	percent	monthly ave.	9.93	12.04	−17.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	monthly ave.	343.0p	313.0	9.6
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	monthly ave.	367.7	357.4	2.9
Apts, Hotel, Office Bldgs	1967 = 100	monthly ave.	366.2	360.4	1.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	monthly ave.	107,150	105,005	2.0
UNEMPLOYMENT*	thous.	monthly ave.	8,312	8,539	−2.7
UNEMPLOYMENT RATE*	percent	monthly ave.	7.2	7.5	−4.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	monthly ave.	318.5	307.6	3.5
All Urban Consumers	1967 = 100	monthly ave.	322.2	311.1	3.6
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	monthly ave.	293.8p	291.1	0.9
All Commodities	1967 = 100	monthly ave.	308.8p	310.3	−0.5

*p = preliminary. *Seasonally adjusted. **Seasonally adjusted at annual rates.*

BUSINESS ACTIVITY IN HAWAII

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	annual total	24,630.3	23,879.9	3.1
Oahu	mil. $	annual total	20,742.1	20,148.2	2.9
Maui County	mil. $	annual total	1,694.7	1,613.7	5.0
Hawaii	mil. $	annual total	1,594.5	1,569.8	1.6
Kauai	mil. $	annual total	599.0	548.1	9.3
DIVERSIFIED MANUFACTURING	mil. $	annual total	538.3	530.1	1.5
DIVERSIFIED AGRICULTURE	mil. $	annual total	251.6	257.6	−2.3
RETAILING	mil. $	annual total	8,957.3	8,541.9	4.9
WHOLESALING	mil. $	annual total	6,056.5	6,134.0	−1.3
SERVICES	mil. $	annual total	5,898.7	5,486.3	7.5
OAHU NEW CAR SALES	number	annual total	41,434p	41,882	−1.1
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	monthly ave.	301.4	291.3	3.5
All Urban Consumers	1967 = 100	monthly ave.	294.1	284.8	3.3
TOURISM					
VISITOR EXPENDITURES	mil. $	annual total	na	4,582	......
OVERNIGHT OR LONGER VISITORS	number	annual total	4,884,110p	4,855,580	0.6
Westbound	number	annual total	3,708,610p	3,721,380	−0.3
Eastbound	number	annual total	1,175,500p	1,134,200	3.6
AVERAGE DAILY VISITOR CENSUS	number	monthly ave.	103,600p	106,260	−2.5
AVERAGE LENGTH OF STAY	no. of days	monthly ave.	10.2p	10.5	−2.9
MEETING ATTENDANCE	number	annual total	247,166	255,152	−3.1
ORGANIZED GROUP TOURS	number	annual total	837,570p	878,740	−4.7
VISITOR COUNT BY COUNTY'					
Oahu	number	annual total	2,828,640p	2,901,320	−2.5
Maui County	number	annual total	1,831,060p	1,854,690	−1.3
Hawaii	number	annual total	697,380p	760,940	−8.4
Kauai	number	annual total	835,580p	814,590	2.6

p = preliminary. 'Estimated Westbound.

BUSINESS ACTIVITY IN HAWAII (cont.)

Series	Unit	Period	1985	1984	Percent Change 1984-85
VISITOR ACCOMMODATIONS:					
STATE	number	February	65,919	62,448	5.6
Oahu	number	February	38,600	36,848	4.8
Waikiki	number	February	33,879	32,239	5.1
Maui (Island)	number	February	13,515	12,499	8.1
Molokai	number	February	627	627	0.0
Lanai	number	February	10	12	−16.7
Hawaii	number	February	7,511	7,149	5.1
Kauai	number	February	5,656	5,313	6.5
HOTEL OCCUPANCY:					
STATE	percent	monthly ave.	76.1p	76.9	−1.0
Oahu	percent	monthly ave.	81.5p	83.0	−1.8
Maui (Island)	percent	monthly ave.	78.5p	80.5	−2.5
Hawaii	percent	monthly ave.	57.6p	55.6	3.6
Kauai	percent	monthly ave.	64.8p	63.0	2.9
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	annual total	2,041.0	1,950.4	4.6
Military Payroll	mil. $	annual total	835.8	837.8	−0.2
Civilian Payroll	mil. $	annual total	627.5	601.5	4.3
Local Purchases	mil. $	annual total	577.7	511.1	13.0
SUGAR					
VALUE OF CROP SALES (UNPROCESSED CANE)	thous. $	annual total	na	256,200	......
SUGAR PRODUCTION	thous. tons	annual total	1,012.2	1,061.8	−4.7
N. Y. RAW SUGAR PRICE	$/ton	monthly ave.	407.8p	434.8	−6.2
PINEAPPLE					
VALUE OF CROP SALES (FRESH EQUIVALENT)	mil. $	annual total	90.1	89.9	0.2
SHIPMENTS: CANNED[2]	mil. $	annual total	100.1	213.3	−53.1
FRESH	thous. lbs.	annual total	246,857	238,153	3.7
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	annual total	na	120,756	......
FLOWERS & NURSERY PRODUCTS	thous. $	annual total	na	42,905	......
Anthurium Outshipments[3]	th. dozens	annual total	1,611	1,761	−8.5
Potted Foliage Plants	thous. $	annual total	na	14,050	......
FRUITS & NUTS	thous. $	annual total	na	39,749	......
Papaya Sales	th. lbs.	annual total	48,494p	67,000	−27.6
Average Farm Price	cents/lb.	monthly ave.	18.2	13.1	38.9
Macadamia Nut Sales (in shell)	th. lbs.	annual total	37,000	37,700	−1.9
Average Farm Price	cents/lb.	monthly ave.	70.0	69.2	1.2
VEGETABLES AND MELONS[4]	th. lbs.	annual total	66,306	66,150	0.2
LIVESTOCK	thous. $	annual total	na	87,025	......
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	annual total	33,519	31,160	7.6
Average Farm Price (Feedlot Beef)	cents/lb.	monthly ave.	83.5	95.0	−12.1
HOG PRODUCTION (Dressed Wt.)	th. lbs.	annual total	6,259	6,231	0.4
Average Farm Price	cents/lb.	monthly ave.	103.5	103.5	0.0
MILK PRODUCTION	mil. lbs.	annual total	142.0	148.0	−4.1
Average Price Sold to Plants	$/100 lbs.	monthly ave.	20.36	20.06	1.5
EGG PRODUCTION	mil.	annual total	220.9	209.7	5.3
Average Farm Price	cents/doz.	monthly ave.	78.0	88.9	−12.3
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	annual total	7,057	6,994	0.9
GAS SALES	th. therms.	annual total	48,327	47,778	1.1
TELEPHONE LINES IN SERVICE	thous.	end of period	465.0	458.1	1.5
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	annual total	1,429,598	1,227,235	16.5
Oahu	thous. $	annual total	1,244,750	1,051,424	18.4
Maui County	thous. $	annual total	73,527	68,593	7.2
Hawaii	thous. $	annual total	81,102	80,465	0.8
Kauai	thous. $	annual total	30,219	26,753	13.0
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	monthly ave.	357.6	348.2	2.7
HIGH RISE	1967 = 100	monthly ave.	375.2	367.4	2.1

p = preliminary.

[1] *Estimated Westbounds.*

[2] *Gross taxable income valued at time of shipment.*

[3] *From Hawaii County.*

[4] *Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, tomatoes, and watermelons.*

and jobs do not look too encouraging. With the continuing pressure to reduce federal deficits, growth in congressional appropriations for the military may be held at the rate of inflation, or in other words, remain stable in real terms. This pattern was reinforced by growth trends in defense-related jobs, which grew by only 0.8 percent in 1985, after a decline of 1.4 percent in 1984. Total income to military personnel grew by only 0.9 percent in 1985. In addition, as of July, 1985, military personnel stationed in Hawaii were down by 4.6 percent, with shore-based personnel declining by 4.4 percent and sea-based personnel down by 7.3 percent. Civilian military dependents were also down by 4.2 percent

For 1986, major capital expenditures are expected to be at a minimum, with only essential goods and services being provided for on-base military personnel. This would result in a decline in local purchases of goods and services, and a downward trend in overall military spending in 1986. This trend is aggravated by reduced federal construction contracts which were down by 42.2 percent in 1985. The cutbacks in the level of civilian workers at the Pearl Harbor Naval Shipyard represent additional evidence of a slide in overall military expenditures.

CONSTRUCTION AND REAL ESTATE

Construction and real estate were the only bright spots in Hawaii's economy. Rebounding from its crippling strike, the construction industry turned around four years of negative growth to achieve 14.1 percent real growth in 1984, after correcting for increases in the costs of construction. That was the highest level of growth in 12 years since achieving 17.5 percent real growth in 1973.

The 1985 growth surge followed one of the worst strings of negative growth in the industry's history. Growth in construction declined for four consecutive years between 1981 and 1984, reflecting the recent construction industry strike, and the national recession of 1980 to 1982. However, in spite of the surge in growth, the size of the industry is still much smaller than in the heydays of the 1970s. For example, in terms of jobs, in spite of the fact that the construction industry grew by 12.4 percent to 18,100 jobs in 1985, it is still far below the 26,650 jobs it offered in 1973, the year of the industry's largest single year of growth. Nevertheless, overall conditions in the economy signal the beginning of a promising era of growth. Major factors that will influence construction involve the turnaround in the national economy and its beneficial impact on tourism, the long-term fall in the structure of interest rates, and the fall in the rate of inflation, which will not only bring mortgage rates down, but also hold down inflationary increases in the costs of construction. The recent downtrend in construction costs in Hawaii is a very hopeful sign for real growth in the industry.

These trends are already evident in building permit activity statewide. Total residential permits are up by 48.2 percent, with single-family permits growing by 14.7 percent and multiple-family permits by 104.5 percent. Nonresidential permits are also up by 65.1 percent. Thus, private permit activity looks very optimistic for 1986.

The only fly in the ointment was public-sector construction. Public contracts awarded by the federal, state, and county governments all declined due to cutbacks in federal budget spending, reductions in federal aid to state governments, and tightening of state capital improvement budgets. In view of these conditions, the chances are that public-sector construction spending will continue to weaken.

The picture for private-sector construction is brighter. With the gradual decline in inflation and interest rates and the pickup in the economy, as well as the decline in construction costs, real growth in construction activity should range between 10 and 15 percent in 1986.

The same conditions augur well for the real estate industry. Resales of single-family units and condominiums grew by 25.1 and 23.4 percent, respectively, in 1985. This was a marked improvement over the disappointing rates of growth achieved in 1984.

The average price of a single-family house remained stable in 1985, and condominium prices declined by 5.7 percent in 1985. This would indicate that price pressures have not yet begun to build up, and that the market is continuing to work off existing inventories, particularly for condominiums.

In terms of the distribution of construction activity by counties, Oahu saw the largest increase in construction put in place. It grew by 16.0 percent in real terms, followed by Kauai, Maui, and Hawaii. In terms of permits authorized, Maui experienced the highest rate for residential permit growth at 256.9 percent, followed by Hawaii, Oahu, and Kauai. Nonresidential permits were also highest on Maui, followed by Oahu, Hawaii, and Kauai.

Real estate sales of existing properties were healthy on all islands. In terms of

BUSINESS ACTIVITY IN HAWAII (cont.)

Series	Unit	Period	1985	1984	Percent Change 1984-85
PRIVATE PERMITS AUTHORIZED					
STATE:					
RESIDENTIAL	thous. $	annual total	566,033	382,028	48.2
Single Family Units	number	annual total	4,741	4,132	14.7
Multiple Family Units	number	annual total	2,556	1,250	104.5
NONRESIDENTIAL	thous. $	annual total	323,256	195,802	65.1
OAHU:					
RESIDENTIAL	thous. $	annual total	289,508	237,708	21.8
Single Family Units	number	annual total	2,324	2,237	3.9
Multiple Family Units	number	annual total	1,856	1,024	81.3
NONRESIDENTIAL	thous. $	annual total	225,323	137,196	64.2
MAUI CO.:					
RESIDENTIAL	thous. $	annual total	145,915	40,886	256.9
Single Family Units	number	annual total	984	638	54.2
Multiple Family Units	number	annual total	457	6	7,516.7
NONRESIDENTIAL	thous. $	annual total	32,718	18,954	72.6
HAWAII:					
RESIDENTIAL	thous. $	annual total	83,554	64,370	29.8
Single Family Units	number	annual total	980	900	8.9
Multiple Family Units	number	annual total	192	181	6.1
NONRESIDENTIAL	thous. $	annual total	37,885	25,977	45.8
KAUAI:					
RESIDENTIAL	thous. $	annual total	47,050	39,065	20.4
Single Family Units	number	annual total	453	357	26.9
Multiple Family Units	number	annual total	51	39	30.8
NONRESIDENTIAL	thous. $	annual total	16,838	13,670	23.2
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	annual total	248,872	388,655	−36.0
Oahu	thous. $	annual total	177,243	300,783	−41.1
Maui County	thous. $	annual total	37,766	26,759	41.1
Hawaii	thous. $	annual total	18,520	23,057	−19.7
Kauai	thous. $	annual total	15,346	38,058	−59.7
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	annual total	75,095	130,008	−42.2
State	thous. $	annual total	94,658	176,968	−46.5
County	thous. $	annual total	79,119	81,682	−3.1
REAL ESTATE					
RESALES					
STATE: Single Family	number	annual total	2,837	2,267	25.1
Average Price	dollars	monthly ave.	169,576	169,629	.0
Condominium	number	annual total	3,333	2,700	23.4
Average Price	dollars	monthly ave.	102,966	109,174	−5.7
OAHU: Single Family	number	annual total	2,072	1,670	24.1
Average Price	dollars	monthly ave.	188,016	186,171	1.0
Condominium	number	annual total	2,738	2,177	25.8
Average Price	dollars	monthly ave.	99,597	103,616	−3.9
MAUI CO.: Single Family	number	annual total	259	201	28.9
Average Price	dollars	monthly ave.	151,865	175,494	−13.5
Condominium	number	annual total	424	386	9.8
Average Price	dollars	monthly ave.	123,471	141,763	−12.9
HAWAII: Single Family	number	annual total	416	325	28.0
Average Price	dollars	monthly ave.	93,775	89,036	5.3
Condominium	number	annual total	93	95	−2.1
Average Price	dollars	monthly ave.	97,718	91,019	7.4
KAUAI: Single Family	number	annual total	90	71	26.8
Average Price	dollars	monthly ave.	146,375	132,857	10.2
Condominium	number	annual total	78	42	85.7
Average Price	dollars	monthly ave.	115,987	138,548	−16.5

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POPULATION IN HAWAII

Series	Unit	Period	1985	1984	Percent Change 1984-85
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1	1,149.9p	1,139.8	0.9
Total Resident Population	thous.	July 1	1,053.9p	1,037.2	1.6
OAHU:					
Total De Facto Population	thous.	July 1	na	859.8	......
Total Resident Population	thous.	July 1	na	805.3	......
MAUI COUNTY:					
Total De Facto Population	thous.	July 1	na	114.5	......
Total Resident Population	thous.	July 1	na	83.1	......
HAWAII:					
Total De Facto Population	thous.	July 1	na	112.5	......
Total Resident Population	thous.	July 1	na	106.4	......
KAUAI:					
Total De Facto Population	thous.	July 1	na	54.4	......
Total Resident Population	thous.	July 1	na	44.0	......
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1	997.5p	979.9	1.8
MILITARY PERSONNEL:					
STATE	number	July 1	58,005	60,804	−4.6
Ashore	number	July 1	53,848	56,321	−4.4
Afloat	number	July 1	4,157	4,483	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1	64,281	67,083	−4.2
FOREIGN IMMIGRATION[1]	number	annual total	5,569	5,326	4.6

INCOME IN HAWAII

INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd qtr. ave.	14,228p	13,447	5.8
EMPLOYMENT INCOME[2]	mil. $	3rd qtr. ave.	10,359p	9,760	6.1
Manufacturing	mil. $	3rd qtr. ave.	487p	455	7.0
Construction & Mining	mil. $	3rd qtr. ave.	557p	533	4.5
Wholesale	mil. $	3rd qtr. ave.	437p	406	7.6
Retail	mil. $	3rd qtr. ave.	1,178p	1,106	6.5
Finance, Ins., & Real Estate	mil. $	3rd qtr. ave.	687p	670	2.5
Trans., Comm., & Util.	mil. $	3rd qtr. ave.	914p	862	6.0
Services	mil. $	3rd qtr. ave.	2,344p	2,172	7.9
Farm & Other	mil. $	3rd qtr. ave.	350p	331	5.7
Federal Civilian	mil. $	3rd qtr. ave.	973p	900	8.1
Federal Military	mil. $	3rd qtr. ave.	1,277p	1,225	4.2
State & Local	mil. $	3rd qtr. ave.	1,155p	1,101	4.9
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd qtr. ave.	2,700p	2,545	6.1
TRANSFER PAYMENTS (1,875) minus Personal Contributions for Social Insurance (706)	mil. $	3rd qtr. ave.	1,169p	1,142	2.4
PER CAPITA PERSONAL INCOME:					
STATE	dollars	annual total	na	13,042	......
Oahu	dollars	annual total	na	na	......
Maui County	dollars	annual total	na	na	......
Hawaii	dollars	annual total	na	na	......
Kauai	dollars	annual total	na	na	......

***Total personal income and all components are seasonally adjusted at annual rates.*

[1] Includes only those entering Honolulu ports and do not include status changes.

[2] Includes wage and salary disbursements, proprietors' income, and other labor income.

HAWAIIAN BANK
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sales growth for single family units, Maui was slightly ahead at 28.9 percent, followed by Hawaii, Kauai, and Oahu. Kauai was far ahead in condominium sales growing by 85.7 percent, followed by Oahu, Maui, and Hawaii. The major growth in terms of the number of single-family and condominium units sold, however, occurred on Oahu where 4,810 units changed hands in 1985. Maui was second at 683 units, Hawaii third at 509 units, and Kauai fourth at 168 units.

The outlook for the real estate industry in 1986 looks optimistic. With the continuing decline in interest rates and inflation, resales of single-family and condominium units should range between 15 and 20 percent. Price pressures could begin to heat up, particularly in view of the continuing depletion of inventories, and the overall drop in financing costs. Notwithstanding, growth in the industry should be robust in 1986.

SUGAR

The sugar industry experienced another difficult year in 1985. In spite of record setting increases in yields of tons of sugar per acre, raw sugar production declined by 4.6 percent falling from 1,061,600 tons to 1,012,250 tons, due to reductions in growing acreage. Furthermore, because of excessive foreign sugar imports in 1985 estimated at 600,000 tons above domestic market needs, the domestic raw sugar price was driven down from 20.5 to 18.6 cents a pound. As a result, total 1985 industry revenues from the sale of sugar, molasses, and electricity came to $359 million, a decline of 11.5 percent from the $405 million earned in 1984.

The only bright spot, aside from record increases in yields, came from improvements in cost cutting innovations, including: productivity improvements and energy conservation; transportation costs in terms of container, rail, and ocean shipping costs; and corporate administrative costs in terms of salary, pension, and medical cost cutbacks. Lower interest rates also assisted in reducing borrowing costs. Part of the savings were reflected in reduced jobs which declined by 5.6 percent to 7,600 jobs in 1985.

The outlook for 1986 lacks promise. Production levels are forecast to increase by around 2 percent to 1,033,500 tons. However, 1986 sugar import quotas are expected to remain high, thereby continuing to depress domestic sugar prices. Furthermore, the market for cane sugar is continuing to shrink because of competition from high-fructose corn syrup. Returns to the industry will most likely continue to decline in 1986.

PINEAPPLE

The overall performance for the pineapple industry in 1985 was not healthy. In terms of production volume, output of fresh weight tonnage declined by 5.8 percent to 565,000 tons in 1985. Of the total output in 1985, processed pineapple output declined by 8.5 percent, while fresh pineapple output increased by 5.0 percent. Fresh pineapple now constitutes 22 percent of total pineapple output. Contributing to the reduction in output were a decline in pineapple acreage, as well as the severe drought conditions of 1984 which reduced the volume of output and increased unit costs. As a result, total revenues to the industry from the sale of fresh and processed pineapple fell by 10.8 percent from a record $250 million in 1984 to $222 million in 1985. Jobs in the pineapple industry continued to decline falling by 9.5 percent in 1985 to 3,800 jobs during the year. Thus, the industry continues to diminish in its importance for employment in Hawaii.

DIVERSIFIED AGRICULTURE

Diversified agricultural enterprises had a disappointing year in 1985. Industry revenues declined 2.3 percent to $252 million, while jobs in the industry declined by 3.1 percent to 7,800 jobs. Individual performances in the various sectors reflected trends in the overall industry, as discussed below.

Macadamia Nuts

Preliminary estimates indicate that 1985 was a mediocre year for macadamia nuts. The 1985 nut crop was estimated at 37.0 million pounds, a 1.9 percent reduction in volume from 1984. Weather conditions, including severe wind storms and the alternating bearing nature of the trees, were main factors in decreasing output. Though bearing acreage showed a substantial increase of 12 percent to 13,500 acres, yields per acre fell to 2,700 pounds, the lowest since the 1978-79 season, due to new acreage put into planting. Farm prices improved slightly to 70 cents a pound, but this was offset by the drop in the volume of production, resulting in a decline in the value of sales to the industry of 1 percent to $25.9 million. Steady increases in bearing acreage, and steady prices, 1986 should improve in the value of sales to between 3 to 5 percent in 1986.

Papayas

The papaya industry continued to adjust after a record year of overproduction in 1984. Total weight of fresh

EMPLOYMENT AND JOBS IN HAWAII

Series	Unit	Period	1985	1984	Percent Change 1984-85
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	monthly ave.	481.0	472.0	1.9
Employment	thous.	monthly ave.	454.0	445.0	2.0
Unemployment	thous.	monthly ave.	27.0	27.0	0.0
Unemployment Rate	percent	monthly ave.	5.6	5.6	0.0
OAHU:					
Civilian Labor Force	thous.	monthly ave.	361.8	357.1	1.3
Employment	thous.	monthly ave.	343.3	338.0	1.6
Unemployment	thous.	monthly ave.	18.5	19.1	−3.1
Unemployment Rate	percent	monthly ave.	5.1	5.3	−3.8
MAUI COUNTY:					
Civilian Labor Force	thous.	monthly ave.	46.8	44.9	4.2
Employment	thous.	monthly ave.	44.1	42.2	4.5
Unemployment	thous.	monthly ave.	2.8	2.7	3.7
Unemployment Rate	percent	monthly ave.	5.9	6.0	−1.7
HAWAII:					
Civilian Labor Force	thous.	monthly ave.	50.6	48.6	4.1
Employment	thous.	monthly ave.	46.3	44.9	3.1
Unemployment	thous.	monthly ave.	4.3	3.7	16.2
Unemployment Rate	percent	monthly ave.	8.5	7.7	10.4
KAUAI:					
Civilian Labor Force	thous.	monthly ave.	21.8	21.3	2.3
Employment	thous.	monthly ave.	20.3	19.8	2.5
Unemployment	thous.	monthly ave.	1.5	1.5	0.0
Unemployment Rate	percent	monthly ave.	6.8	6.8	0.0
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	monthly ave.	470.1	461.1	2.0
SUGAR (Mill and Field)	thous.	monthly ave.	7.6	8.0	−5.6
PINEAPPLE (Cannery and Field)	thous.	monthly ave.	3.8	4.2	−9.5
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	monthly ave.	16.5	16.1	2.5
Durable Goods	thous.	monthly ave.	3.6	3.4	5.9
Non-Durable Goods	thous.	monthly ave.	12.9	12.7	1.6
Apparel and Textiles	thous.	monthly ave.	3.4	3.0	15.3
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	monthly ave.	7.8	8.1	−3.1
CONTRACT CONSTRUCTION	thous.	monthly ave.	17.0	15.8	7.6
TRANSPORTATION	thous.	monthly ave.	23.6	22.1	6.8
COMMUNICATION	thous.	monthly ave.	7.3	7.5	−2.7
UTILITIES	thous.	monthly ave.	2.4	2.4	0.0
RETAIL TRADE	thous.	monthly ave.	96.0	92.4	3.9
WHOLESALE TRADE	thous.	monthly ave.	19.5	19.0	2.6
FINANCE, INSURANCE AND REAL ESTATE	thous.	monthly ave.	32.0	31.9	0.5
HOTEL SERVICES—STATE	thous.	monthly ave.	28.0	28.3	−0.9
Oahu	thous.	monthly ave.	16.0	15.8	1.6
Maui County	thous.	monthly ave.	6.4	6.4	0.0
Hawaii	thous.	monthly ave.	3.6	3.8	−5.3
Kauai	thous.	monthly ave.	2.1	2.2	−4.5
OTHER SERVICES	thous.	monthly ave.	82.2	79.6	3.3
FEDERAL GOVERNMENT	thous.	monthly ave.	32.4	32.1	0.9
Civilian Agencies	thous.	monthly ave.	11.6	11.5	0.9
Defense Department	thous.	monthly ave.	20.8	20.6	0.7
STATE GOVERNMENT	thous.	monthly ave.	47.4	46.5	1.9
COUNTY GOVERNMENT	thous.	monthly ave.	13.5	13.2	2.3
NON-AGRICULTURE SELF-EMPLOYED	thous.	monthly ave.	32.9	33.4	−1.5
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	monthly ave.	10,597	12,495	−15.2
INTRASTATE INITIAL CLAIMS	number	annual total	66,913	74,035	−9.6
INTERSTATE INITIAL CLAIMS	number	annual total	4,040	4,254	−5.0
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	annual total	64,617	77,675	−16.8

p = preliminary.

PUBLIC ASSISTANCE IN HAWAII

Series	Unit	Period	1985	1984	Percent Change 1984-85
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	monthly ave.	58,497	61,389	−4.7
Payments	thous. $	annual total	97,465	102,264	−4.7
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	monthly ave.	47,819	48,021	−0.4
Payments	thous. $	annual total	168,850	150,537	12.2
FOOD STAMPS:					
Recipients[1]	no./persons	monthly ave.	97,261	99,715	−2.5
Payments	thous. $	annual total	92,274	83,204	10.9
SERVICES:					
Recipients[1]	no./cases	quarterly ave.	7,483	6,931	8.0
Payments	thous. $	annual total	15,535	13,802	12.6

[1] *Count of recipients is duplicated. A person may be counted in each category.*

BANKING AND FINANCE IN HAWAII

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	monthly ave.	6,956.7	6,274.1	10.9
Debits To Demand Deposits	mil. $	annual total	95,843.4	91,805.9	4.4
OAHU:					
Total Deposits	mil. $	monthly ave.	5,761.7	5,180.7	11.2
Debits To Demand Deposits	mil. $	annual total	87,246.0	84,006.8	3.9
MAUI COUNTY:					
Total Deposits	mil. $	monthly ave.	450.7	405.4	11.2
Debits To Demand Deposits	mil. $	annual total	3,681.4	3,319.6	10.9
HAWAII:					
Total Deposits	mil. $	monthly ave.	500.9	461.2	8.6
Debits To Demand Deposits	mil. $	annual total	3,502.4	3,214.5	9.0
KAUAI:					
Total Deposits	mil. $	monthly ave.	243.4	226.9	7.3
Debits To Demand Deposits	mil. $	annual total	1,440.6	1,264.9	13.9
BANK LOANS OUTSTANDING—STATE:	mil. $	quarterly ave.	4,437.7	4,013.9	10.6
Real Estate	mil. $	quarterly ave.	1,788.2	1,658.7	7.8
Consumer	mil. $	quarterly ave.	1,008.0	901.4	11.8
Commercial & Industrial	mil. $	quarterly ave.	1,307.6	1,135.4	15.2
Other	mil. $	quarterly ave.	333.9	318.4	4.9
CONVENTIONAL HOME MORTGAGE RATES:					
HONOLULU	1 percent	monthly ave.	12.0	12.7	−5.5
SAVINGS & LOAN ASSOCIATIONS:[2]					
TOTAL DEPOSITS	mil. $	monthly ave.	3,678.3	3,794.1	−3.1
TOTAL LOANS	mil. $	monthly ave.	na	na	......
MORTGAGE LOANS	mil. $	monthly ave.	55.1	44.2	24.7
TAX COLLECTIONS:[3]					
STATE	mil. $	annual total	1,479.0	1,394.7	6.0
Oahu	mil. $	annual total	1,283.0	1,216.0	5.5
Maui County	mil. $	annual total	82.9	76.6	8.2
Hawaii	mil. $	annual total	79.3	73.9	7.3
Kauai	mil. $	annual total	33.8	28.3	19.4

[1] *1985 based on 11 months data. 1984 based on 10 months data.*
[2] *Includes data for both Hawaii and Guam. Reporting categories changed in July, 1985.*
[3] *Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.*

papayas produced came to 48.5 million pounds, a huge 27.6 percent decline from the 67 million pounds of fresh papaya harvested in 1984. A major factor was the decline in harvested acreage, which fell by 7.8 percent in 1985. However, because of the reduction in output, the price of fresh papaya rose from 13.1 cents a pound to 18.2 cents a pound in 1985. As a result, revenues from fresh papaya sales remained stable at around $8.8 million during the year. With a stabilization in the growth in bearing acreage and prices, as well as further progress in the treatment of fruit, the prospects for growth in 1986 look positive.

FLOWERS AND NURSERY PRODUCTS

Flowers and nursery products constitute the largest single segment of diversified agricultural products aside from sugar and pineapple. Its two principal crops, potted foliage plants and anthuriums rank among the top four diversified agricultural crops along with macadamia nuts and papaya. According to the most recent data available for 1984, the industry achieved a record growth year in 1984 as total value of production reached $42.9 million, exceeding the previous year's record value by 19 percent. Flowers and nursery products also increased their share of the total diversified agricultural market rising from 18 to 21 percent of total diversified agricultural sales in 1984.

Of the major crops, potted foliage plants for indoor use registered a strong 30-percent increase, growing from $10.8 to $14.0 million value of production in 1984. Anthuriums also experienced healthy growth in sales, realizing a 14-percent growth in sales volume, and a 22-percent growth in value of sales to $7.4 million in 1984. Preliminary indications for 1985, however, indicate that out-of-state shipments of anthuriums lagged 9 percent behind the 1984 total. Of the total shipments, total annual mainland sales rose 10 percent to 952,200 dozens, while foreign sales dipped 26 percent to 659,000 dozens over the year. Of the foreign sales, Japan and Italy comprise the largest markets, being responsible for 42 and 40 percent, respectively, of total foreign anthurium shipments in 1984. On the other hand, the 1984 value of orchids sold topped the $4 million mark for the first time with record sales of dendrobiums and other potted orchids leading the way.

Prospects for the flower and nursery product industry should brighten in 1986. Foreign sales of anthuriums should be stimulated by the devaluation of the U.S. dollar, particularly in relation to the Japanese yen. Furthermore, increases in air freight capacity due to Japanese airline de-regulation, as well as increased cargo capacity to the mainland, should lower transport costs and make flower and nursery products more competitive in Hawaii's export markets.

TRADE AND SERVICES

Due principally to Hawaii's high reliance on tourism, the trade and service segment of Hawaii's economy exerts an enormous impact on economic activity and employment in the state. In 1985, wholesale and retail trade, and services generated $20.9 billion worth of revenues, or 85 percent of all the revenues generated in the state. Trade and services also constituted 38 percent of all employment income, and 54 percent of all private sector wage and salary jobs in the state. These sectors saw moderate growth in 1985, generally reflecting the sluggish performance of the visitor industry. For example, after correcting for inflation, gross business receipts for these three sectors grew by 0.4 percent, while income grew by 4.2 percent, and jobs expanded by 2.9 percent. Prospects for 1986 remain optimistic based on the high probability of positive tourism growth. If expectations for a 5 to 7 percent increase in total overnight visitors for the year materialize, real growth in trade and services should range between 3 to 5 percent in 1986.

TRANSPORTATION, COMMUNICATION, AND UTILITIES

The transportation, communications, and utility sector of the economy experienced moderate growth in 1985 principally due to gains in the tourism-related transportation industry. For example, in terms of job growth, transportation services experienced a 6.8 percent increase in jobs, while communications jobs declined by 2.7 percent, and utility jobs remained static. The growth in transportation jobs contributed to a modest 2.7 percent increase in income to the overall sector in 1985 after correcting for inflation. The lack of growth in the utilities and communications fields is reinforced by public-utility statistics which indicate that total electricity generated in 1985 increased only slightly by 1 percent to 7.0 million kilowatt hours. Gas sales also saw a slight increase of 1 percent, as did new telephone lines placed in service, that grew by 2 percent in 1985.

The outlook for 1986 will depend, in part, on growth in the tourism industry, particularly for the transportation industry. With projected increases in visitor counts ranging in the 5 to 7-percent range, the chances for healthy growth in transportation services look good for the coming year. Growth in the communications and utility industry tend to be influenced more by demographic factors such as growth in the overall population and the rate of household formation, although the visitor industry does play an important role in affecting electricity demand. If the construction industry experiences the surge in growth that is expected in 1986, the consequences could be very good for communications and utility jobs because of the increased demand for electricity, gas, and telephone service. This would apply to growth in single-family and multiple-family residential units, as well as nonresidential construction.

GOVERNMENT

Civilian government, at the federal, state, and county levels, plays an important role in Hawaii's economy. In 1985, federal, state, and county governments employed 72,650 persons, or 17 percent of total wage and salary jobs in the state. Income for civilian government employees also came to 20 percent of all employment income in the state. Growth in this sector was moderate in 1985. In inflation adjusted terms, federal government civilian income grew by 4.7 percent to $973 million, while income to state and county government employees grew by 1.6 percent to $1.2 billion, as of the third quarter of the year. Job growth in these sectors was also moderate. Federal government civilian employment grew by 0.9 percent to 11,600 jobs, state government employment grew by 1.9 percent to 47,400 jobs, and county government employment grew by 2.3 percent to 13,500 jobs. Prospects for growth in jobs and income for the civilian government do not look optimistic in the light of recent federal deficit-reduction moves under the Gramm-Rudman-Hollings bill, as well as general programs of overall fiscal austerity being implemented by state and local governments. While it is true that an improvement in Hawaii's economy will add to state and local government tax revenues, much of that improvement can be expected to be absorbed by cutbacks in federal support to state and local government.

CONCLUSION

The Hawaiian economy was clearly marking time in 1985 after a record growth year in 1984. Reflecting both the slowdown in the national economy, as well as temporary, but damaging, airline stoppages, and the unprecedented strength of the U.S. dollar in international exchange markets, virtually all sectors of the economy experienced slow to moderate growth over the year. The only exception was the construction industry, which showed strong growth as a result of its rebound from a strike that lasted well into 1985. On the brighter side, the economy did manage to stay roughly even with what is beginning to be recognized as a record 1984 growth year. This testifies to the basic strength and resiliency of Hawaii's economy.

1986 looks better. Continuing national expansion, a decline in the value of the dollar, and a continuing moderation in interest rates portend healthy advances in tourism and interest-rate sensitive sectors such as real estate and construction. In turn, tourism-related industries such as transportation, communications, and utilities, as well as retail trade and services should show healthy growth. While the outlook for military and government jobs, as well as agriculture, may not look as rosy, strength in tourism and construction should carry sufficient impact to assure a year of strong growth in output, income, and jobs.

RESEARCH DEPARTMENT
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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank
March/April 1986

Hawaii's Growing Japanese Visitor Market

A unique combination of circumstances has stirred optimism regarding the Japanese travel market to Hawaii. One factor is the enormous size of Japan's current trade surplus with the United States, which puts pressure on the Japanese government to encourage tourism, since overseas spending by Japanese travelers is regarded as a form of trade-surplus reduction. Such an increase could easily be supported by the Japanese economy, which is forecast to grow by 3.7 percent this year. Japanese consumers are also expected to enjoy rising incomes, and be more liberal in their spending.

United Airline's recent acquisition of Pan American's former routes to Japan and other Asian destinations should intensify competition for Japan-Hawaii traffic. Already, Japan Air Lines, the world's largest international airline, has announced plans to expand its fleet to compete more efficiently with United Airlines.

The most far-reaching development is the deregulation of Japanese air travel, resulting from an agreement between Japan and the U.S. that was reached last April. Under this agreement, three more trans-Pacific routes will be opened to U.S. carriers. In the past, the Japanese government allowed only the government-supported Japan Air Lines to fly on international routes. JAL's major domestic rivals, All Nippon Airways and Toa Domestic Airlines, will be entering the trans-Pacific travel market, while another JAL competitor, Nippon Cargo Airlines, is already carrying freight to the U.S. The agreement also allows international airline access to regional Japanese cities other than Tokyo, thereby further widening access for Japanese domestic travelers to the international travel market.

Japanese visitors to Hawaii are projected to grow to 1.6 million visitors annually by the year 2005. As a result, the Japanese share of the total visitor market is expected to increase to 20 percent from the 17 percent share of Hawaii's visitor market that it now represents.

In terms of spending, the Japanese visitor spends roughly $230 per day compared to $90 per day for the average non-Japanese visitor. Last year, Japanese visitors spent an estimated $1 billion in Hawaii.

Our perceptions of the typical Japanese visitor are also in for a change. At present, 85 percent of visitors come in tour groups, and over half are in their 20's. Nearly a third are honeymooners. Roughly two out of five visit the Neighbor Islands. Of those, more than half go to Maui, 34 percent go to Kauai, and 9 percent go to the Big Island.

The new emerging market segments identified by Japanese tour operators include students, who travel on annual excursions and who would take advantage of expanded air travel opportunities to take longer trips. Young, single females, middle-aged couples and women traveling together are also traveling more. As Japan's population ages, elderly travelers will increase in number. Japanese "yuppies," young urban professionals, are establishing their own short-term tour market. Generally, group tours are gradually giving way to free independent travelers. As deregulation brings improved air connections to less-populated areas, we may also see more rural travelers making the long journey to our islands.

Japanese visitors to Hawaii will become much more diverse, spanning a broader range of ages, interests, and travel budgets. They are becoming more price and quality conscious. These trends mean substantial adjustments for the local community and visitor-related businesses.

For example, delays in processing international visitors through U.S. Customs should be reduced through airport facility improvements, pre-clearance processing, and more customs inspectors. As more Japanese visitors travel independently, there will be higher demand for services such as car rentals, and specialized forms of recreation. Language barriers must be overcome; building signs, restaurant menus, and service personnel need to be bilingual. Japanese customs and attitudes need to be better understood. Crime and pornography should be kept in check. Further, as Japanese visitors become more sophisticated, and alternate destinations more competitive, efforts to attract Japanese visitors need to be increased.

Elimination of visa requirements for Japanese citizens would undoubtedly enhance the flow of Japanese visitors to Hawaii. Japan already has a number of reciprocal visa-exemption agreements with Canada and a number of European countries. Similar agreements between the U.S. and Japan would eliminate the time and effort individual travelers and travel agents expend to come to Hawaii.

Most importantly, as Japanese visitors become increasingly evident in Hawaii, it is our responsibility as a community to welcome them with the human warmth, courtesy, and friendliness that is the hallmark of our Aloha Spirit, and the one characteristic of our people most admired by visitors.

Hawaii's Japanese visitor market is a large market well worth cultivating. It rescued our visitor industry when the westbound visitor market was crippled in 1980, 1981, and again last year. As we pursue efforts to diversify our economy, we should also support the development of the Japanese visitor market as an important means to expand and stabilize our number-one industry.

FIRST HAWAIIAN BANK
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MARCH/APRIL FEATURE STORY: REAL ESTATE IN HAWAII

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CURRENT BUSINESS TRENDS

February is typically a good month for the visitor industry, however, stimulated by cheaper airfares, this year, it was better than usual. Statistics for February showed that 455,780 travelers came to Hawaii, a substantial 7 percent over-the-year increase. Westbound tourists (from the Mainland, Europe, and Canada) totaled 346,360, up a significant 8 percent over the previous February. Eastbound tourists (from Asia and Oceania) totaled 99,420, representing a more modest 4 percent gain over February of the previous year.

When comparing over-the-year growth, February, 1986 showed the best improvement in the last 13 months. Last year, low growth followed by the United Airlines strike led to minimal or negative changes in monthly visitor arrivals. In contrast, the data so far in 1986 suggested that the industry has recovered from the effects of the strike.

Visitor counts on the neighbor island showed dramatically different patterns so far this year. At one end, Maui's arrivals were down by 1 percent, when comparing the first two months of 1985 and 1986. At the other end of the spectrum, Kauai's arrivals were up 13 percent during the same period. And about half way between the two extremes, the Big Island reported a six-percent increase for the January-February period.

Statewide, hotel occupancy in January was slightly below last year's level. The proportion of the hotel units rented fell from 84 percent in January, 1985, to 82 percent in 1986.

The pattern was far from uniform across the islands. Oahu's occupancy dropped from 92 to 84 percent, between January of 1985 and 1986. Maui's rate remained relatively constant, going from 82 to 83 percent over the year. Rates on the Big Island showed a more substantial improvement, increasing from 64 to 68 percent. And, Kauai's occupancy shot up from 65 to 84 percent, reflecting the impact of the huge gain in visitor arrivals during January.

u. s. economic indicators

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	4th Qtr.	4,062r	1.1	5.4
In 1982 Dollars	bil. $	4th Qtr.	3,594r	0.3	2.2
PERSONAL INCOME**	bil. $	January	3,383p	−0.1	5.2
AVERAGE PRIME RATE	percent	February	9.50	0.0	−9.5
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	December	354.6p	2.8	14.4
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	November	371.3	0.3[1]	2.2
Apts, Hotels, Office Bldgs	1967 = 100	November	369.1	0.3[1]	1.5
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	January	108,955	0.7	−5.1
UNEMPLOYMENT*	thous.	January	7,831	−2.4	−7.2
UNEMPLOYMENT RATE*	percent	January	6.7	−2.9	−9.5
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	February	323.3	−0.3	3.0
All Urban Consumers	1967 = 100	February	327.5	−0.3	3.2
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	January	296.3p	−0.7	1.5
All Commodities	1967 = 100	January	309.0p	−0.4	−0.2

p = preliminary.
[1] *Compared to September, 1985.*
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	January	2,305.9	......	4.1
Oahu	mil. $	January	1,949.7	......	4.0
Maui County	mil. $	January	149.9	......	0.1
Hawaii	mil. $	January	154.9	......	4.1
Kauai	mil. $	January	51.4	......	21.9
DIVERSIFIED MANUFACTURING	mil. $	January	43.5	......	11.2
DIVERSIFIED AGRICULTURE	mil. $	January	27.0	......	8.2
RETAILING	mil. $	January	906.7	......	12.8
WHOLESALING	mil. $	January	543.3	......	−11.7
SERVICES	mil. $	January	506.5	......	−1.1
OAHU NEW CAR SALES	number	January	3,070p	......	−8.8
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	February	308.5	0.9[1]	2.7
All Urban Consumers	1967 = 100	February	301.2	0.9[1]	2.9
TOURISM					
VISITOR EXPENDITURES	mil. $	1984	4,582p	......	15.3
OVERNIGHT OR LONGER VISITORS	number	February	445,780p	2.7	7.4
	number	Jan.-Feb.	879,860p	......	5.1
Westbound	number	February	346,360p	2.2	8.4
	number	Jan.-Feb.	685,210p	......	6.8
Eastbound	number	February	99,420p	4.4	4.2
	number	Jan.-Feb.	194,650p	......	−0.2
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Feb.	127,500p	......	6.2
AVERAGE LENGTH OF STAY	no. of days	Jan.-Feb.	11.0p	......	−0.9
MEETING ATTENDANCE	number	January	25,791	......	−10.3
ORGANIZED GROUP TOURS	number	Jan.-Feb.	156,120p	......	−3.5
VISITOR COUNT BY COUNTY[1]					
Oahu	number	February	251,680p	2.8	6.8
	number	Jan.-Feb.	496,480p	......	4.0
Maui County	number	February	170,240p	9.2	1.9
	number	Jan.-Feb.	326,070p	......	−1.3
Hawaii	number	February	72,650p	4.7	6.5
	number	Jan.-Feb.	142,040p	......	6.2
Kauai	number	February	82,750p	8.3	9.5
	number	Jan.-Feb.	159,180p	......	13.0

p = preliminary. [1] *Compared to December, 1985.*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1985	65,919	......	5.6
Oahu	number	Feb., 1985	38,600	......	4.8
Waikiki	number	Feb., 1985	33,879	......	5.1
Maui (Island)	number	Feb., 1985	13,515	......	8.1
Molokai	number	Feb., 1985	627	......	0.0
Lanai	number	Feb., 1985	10	......	−16.7
Hawaii	number	Feb., 1985	7,511	......	5.1
Kauai	number	Feb., 1985	5,656	......	6.5
HOTEL OCCUPANCY:					
STATE	percent	January	81.8p	21.4	−2.6
Oahu	percent	January	84.1p	12.0	−8.5
Maui (Island)	percent	January	83.1p	25.3	1.1
Hawaii	percent	January	68.3p	34.4	6.1
Kauai	percent	January	84.0p	68.0	29.2
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 4th Qtr.	2,041.0	......	4.6
Military Payroll	mil. $	Yr. to 4th Qtr.	835.8	......	−0.2
Civilian Payroll	mil. $	Yr. to 4th Qtr.	627.5	......	4.3
Local Purchases	mil. $	Yr. to 4th Qtr.	577.7	......	13.0
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1984	256.2	......	−4.0
SUGAR PRODUCTION	thous. tons	January	9.4	......	−4.8
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	January	410.8	......	−0.9
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1985	90.1	......	0.2
SHIPMENTS: CANNED[2]	thous. $	January	7,012	......	−43.8
FRESH	thous. lbs.	January	16,882	......	−16.9
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1984	120,756	......	5.3
FLOWERS & NURSERY PRODUCTS	thous. $	1984	42,905	......	18.6
Anthurium Outshipments[3]	th. dozens	January	119.1	......	17.8
Potted Foliage Plants	thous. $	1984	14,050	......	29.7
FRUITS & NUTS	thous. $	1984	39,749	......	3.2
Papaya Sales	th. lbs.	January	3,760	25.1	1.6
Average Farm Price	cents/lb.	January	22.0	15.8	36.6
Macadamia Nut Sales (in shell)	th. lbs.	1985	37,000	......	−1.9
Average Farm Price	cents/lb.	1985	70.0	......	1.2
VEGETABLES AND MELONS[4]	th. lbs.	January	4,530	......	−1.8
LIVESTOCK	thous. $	1984	87,025	......	0.6
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	January	3,316	......	21.6
Average Farm Price (Feedlot Beef)	cents/lb.	January	86.5	0.6	−1.1
HOG PRODUCTION (Dressed Wt.)	th. lbs.	January	501	......	6.6
Average Farm Price	cents/lb.	January	104.5	0.5	0.5
MILK PRODUCTION	mil. lbs.	January	13.1	5.6	9.2
Average Price Sold to Plants	$/100 lbs.	January	20.25	−0.2	−2.0
EGG PRODUCTION	mil.	January	19.3	......	−90.0
Average Farm Price	cents/doz.	January	76.0	4.1	−12.6
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	January	601.4	.0	4.9
GAS SALES	th. therms.	January	4,134	2.4	−1.3
TELEPHONE LINES IN SERVICE	thous.	January	467.1	0.5	1.6

p = preliminary.

[2] *Gross taxable income valued at time of shipment.*

[3] *From Hawaii County.*

[4] *Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.*

While the statewide occupancy figures decreased, the rates hotels charged for these rooms increased. The average daily room rate went from $71 in January, 1985 to $79 in January, 1986, a 12-percent jump. Kauai's room rates were the only ones to show a drop, from $72 to $66 between January of 1985 and 1986. This, in part, probably contributed to Kauai's recent dramatic growth in visitor counts. Maui's room rates, already the highest in the state, climbed even higher over the year, from $107 to $120.

The construction industry was also off to a good year, according to building permit data, which functions as a general indicator of future construction activity. The value of nonresidential permits on Kauai showed a spectacular over-the-year jump of 4,929 percent in January. Nonresidential permits issued during the month of January, 1986, alone, were greater than the annual totals for 1984 and 1985 combined. The giant gain was due to almost $32 million in permits awarded to Chris Hemmeter for the Kauai Surf renovations.

Though nowhere near Kauai's exceptional record, Oahu also was off to a good start in January. The value of residential permits was $45.5 million, a substantial 152-percent gain over January, 1985. Nonresidential permits logged a more modest 10-percent increase. Reporting problems on Maui have delayed compilation of the Maui data, so no current information is available for that county or for the state total.

Labor force statistics showed the usual first-of-the-year downturn. Unemployment jumped from 5.1 percent in December to 5.9 percent in January. However, in spite of the increase, this still represented a slight improvement from a year ago: the jobless made up 6.1 percent of the labor force in January, 1985. And, Hawaii still had one of the lowest unemployment rates in the nation, coming in almost a full percentage point below the U.S. average of 6.7 percent.

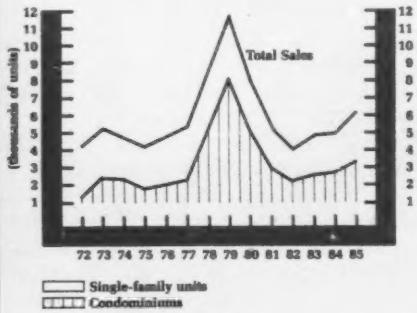
The seasonal drop in labor force statistics in Hawaii was largely due to post-holiday layoffs in the retail trades. Thousands of temporary workers, hired for the holiday rush, were let go in January. About 2,300 jobs were cut in the retail trades, accounting for a majority of January's job losses. To a lesser degree, the pineapple industry also had seasonal layoffs, falling by 400 jobs. And, closing of the Maui and Kauai Surf resorts for renovations led to fewer hotel jobs in January.

The only areas to show any substantive growth during the month were the other services (those excluding hotels) which added almost 700 jobs, and state government which also added 700 positions. The bulk of the additional government jobs were in the Department of Education which hired coaches, substitute teachers, and hourly workers for the new academic semester.

REAL ESTATE IN HAWAII

Real estate sales are again gaining momentum after a four-year slump (see Figure 1). From 1978 to 1980 both single family homes and condominiums enjoyed dramatic sales volume, with resales of existing units averaging 9,300 sales per year. In contrast, during the slump that followed, sales dropped by half. Between 1981 and 1984, single family and condominium purchases averaged 4,800 per year.

FIGURE 1
MLS SALES OF SINGLE-FAMILY UNITS AND CONDOMINIUMS
STATE OF HAWAII
1972-1985



Source: Locations, Inc.

1985 appears to have marked the recovery of the local real estate market. The sale of existing residential units jumped to 6,200 statewide. This represents an impressive 24 percent improvement over 1984, and the best growth year since 1979.

Two major factors contributed to the return of the home buyer to the marketplace. First is the decline in interest rates. There is an inverse relationship between mortgage rates and sales; as interest rates rise, sales drop (see Figure 2). During 1982, the effective mortgage rate (which includes initial fees and charges) hit an annual high of 14.7 percent. Simultaneously, statewide sales hit a new low of 4,000 units. In the following years, as the effective mortgage rate inched downward, the real estate market picked up.

According to the Federal Home Loan Bank Board's monthly survey of mortgage financing, the conventional mortgage rate for Honolulu for 1985 was 12.0 percent, the lowest in 6 years.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	 year ago
CONSTRUCTION PUT IN PLACE					
STATE:	thous. $	January	142,188	......	66.8
Oahu	thous. $	January	124,452	......	71.3
Maui County	thous. $	January	7,964	......	86.1
Hawaii	thous. $	January	7,452	......	18.2
Kauai	thous. $	January	2,320	......	15.4
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	February	364.7	−0.1	3.6
HIGH-RISE	1967 = 100	February	382.3	−0.2	3.5
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-Dec. 85	566,033	......	48.2
Single Family Units	number	Jan.-Dec. 85	4,741	......	14.7
Multiple Family Units	number	Jan.-Dec. 85	2,556	......	104.5
NONRESIDENTIAL	thous. $	Jan.-Dec. 85	323,256	......	65.1
OAHU: RESIDENTIAL	thous. $	Jan. 1986	45,476	......	152.0
Single Family Units	number	Jan. 1986	106	......	24.7
Multiple Family Units	number	Jan. 1986	476	......	255.2
NONRESIDENTIAL	thous. $	Jan. 1986	16,647	......	10.3
MAUI CO.: RESIDENTIAL	thous. $	Jan.-Dec. 85	145,915	......	256.9
Single Family Units	number	Jan.-Dec. 85	984	......	54.2
Multiple Family Units	number	Jan.-Dec. 85	457	......	7,516.7
NONRESIDENTIAL	thous. $	Jan.-Dec. 85	32,718	......	72.6
HAWAII: RESIDENTIAL	thous. $	Jan. 1986	3,779	......	−4.6
Single Family Units	number	Jan. 1986	74	......	1.4
Multiple Family Units	number	Jan. 1986	0	......	−100.0
NONRESIDENTIAL	thous. $	Jan. 1986	822	......	−85.6
KAUAI: RESIDENTIAL	thous. $	Jan. 1986	1,750	......	−76.5
Single Family Units	number	Jan. 1986	21	......	−41.7
Multiple Family Units	number	Jan. 1986	0	......	−100.0
NONRESIDENTIAL	thous. $	Jan. 1986	32,490	......	4,929.4
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Feb.	43,257	......	−5.1
Oahu	thous. $	Jan.-Feb.	30,284	......	1.8
Maui County	thous. $	Jan.-Feb.	7,178	......	−40.8
Hawaii	thous. $	Jan.-Feb.	4,276	......	41.4
Kauai	thous. $	Jan.-Feb.	1,521	......	121.7
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Feb.	4,187	......	0.7
State	thous. $	Jan.-Feb.	25,227	......	381.4
County	thous. $	Jan.-Feb.	13,843	......	−61.7
REAL ESTATE RESALES					
STATE: Single Family	number	January	245	......	102.5
Average Price	dollars	January	155,662	......	−8.6
Condominium	number	January	299	......	86.9
Average Price	dollars	January	110,175	......	6.7
OAHU: Single Family	number	January	148	......	68.2
Average Price	dollars	January	179,490	......	−5.0
Condominium	number	January	215	......	70.6
Average Price	dollars	January	107,610	......	11.7
MAUI CO.: Single Family	number	January	48	......	300.0
Average Price	dollars	January	138,880	......	−17.7
Condominium	number	January	72	......	157.1
Average Price	dollars	January	124,230	......	−9.1
HAWAII: Single Family	number	January	37	......	146.7
Average Price	dollars	January	93,050	......	21.1
Condominium	number	January	6	......	50.0
Average Price	dollars	January	77,000	......	−7.5
KAUAI: Single Family	number	January	12	......	100.0
Average Price	dollars	January	121,960	......	−8.7
Condominium	number	January	6	......	200.0
Average Price	dollars	January	66,580	......	−40.6

p = preliminary.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1985	1,149.9p	......	0.9
Total Resident Population	thous.	July 1, 1985	1,053.9p	......	1.6
OAHU:					
Total De Facto Population	thous.	July 1, 1984	859.8p	......	1.5
Total Resident Population	thous.	July 1, 1984	805.3p	......	1.6
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1984	114.5p	......	10.3
Total Resident Population	thous.	July 1, 1984	83.1p	......	4.0
HAWAII:					
Total De Facto Population	thous.	July 1, 1984	112.5p	......	1.7
Total Resident Population	thous.	July 1, 1984	106.4p	......	3.4
KAUAI:					
Total De Facto Population	thous.	July 1, 1984	54.4p	......	7.3
Total Resident Population	thous.	July 1, 1984	44.0p	......	2.1
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1984	981.9p	......	2.0
MILITARY PERSONNEL:					
STATE	number	July 1, 1985	58,005	......	−4.6
Ashore	number	July 1, 1985	53,848	......	−4.4
Afloat	number	July 1, 1985	4,157	......	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1985	64,281	......	−4.2
FOREIGN IMMIGRATION[1]	number	Jan.-Feb.	776	......	−22.3

p = preliminary.

[1] Includes only those entering Honolulu ports and do not include status changes.

income in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
INCOME					
TOTAL PERSONAL INCOME**	mil. $	3rd Qtr.	14,390p	1.1	5.2
EMPLOYMENT INCOME[2]	mil. $	3rd Qtr.	10,502p	1.3	6.3
Manufacturing	mil. $	3rd Qtr.	511p	3.0	15.3
Construction & Mining	mil. $	3rd Qtr.	574p	1.1	13.4
Wholesale	mil. $	3rd Qtr.	445p	0.9	6.0
Retail	mil. $	3rd Qtr.	1,179p	0.2	5.1
Finance, Ins., & Real Estate	mil. $	3rd Qtr.	700p	1.7	3.1
Trans., Comm., & Util.	mil. $	3rd Qtr.	936p	2.3	7.2
Services	mil. $	3rd Qtr.	2,371p	1.4	6.3
Farm & Other	mil. $	3rd Qtr.	345p	−2.5	−1.7
Federal Civilian	mil. $	3rd Qtr.	978p	−0.2	6.0
Federal Military	mil. $	3rd Qtr.	1,276p	0.7	3.8
State & Local	mil. $	3rd Otr.	1,186p	3.4	7.1
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	3rd Qtr.	2,712p	0.5	2.6
TRANSFER PAYMENTS (1,867) minus Personal Contributions for Social Insurance (706)	mil. $	3rd Qtr.	1,177p	1.6	1.5
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1984	13,042p	......	5.6
Oahu	dollars	1983	12,697p	......	4.9
Maui County	dollars	1983	10,963p	......	3.4
Hawaii	dollars	1983	9,396p	......	3.1
Kauai	dollars	1983	9,867p	......	2.7

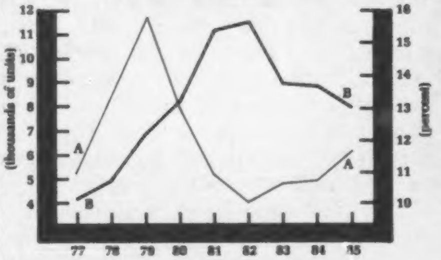
***Total personal income and all components are seasonally adjusted at annual rates.*

[2] Includes wage and salary disbursements, proprietors' income, and other labor income.

p = preliminary.

AWAIIAN BANK

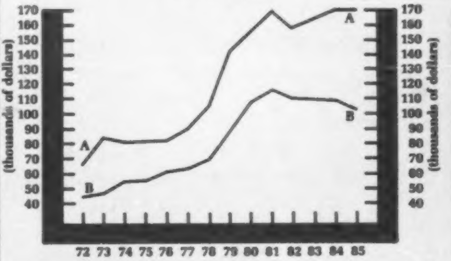
FIGURE 2
MLS SALES AND AVERAGE EFFECTIVE MORTGAGE RATE STATE OF HAWAII 1977-1985



A. Total MLS Sales (left-hand scale)
B. Average Effective Mortgage Rate (right-hand scale)
Source: Locations, Inc.; Federal Home Loan Bank Board

Prices are the second major factor affecting sales volume. According to Locations, Inc., prices for existing single family homes and condominiums have stabilized since 1981 (see Figure 3).

FIGURE 3
MLS PRICES FOR SINGLE-FAMILY UNITS AND CONDOMINIUMS STATE OF HAWAII 1972-1985



A. Single-family unit prices
B. Condominium prices
Source: Locations, Inc.

As seen in this graph, prices and sales volume illustrated a classic textbook relationship between demand and price. During the peak buying years, between 1979 and 1981, increased demand drove prices up dramatically: 25 percent in 1979; 18 percent in 1980; and 12 percent in 1981. Prices and interest rates increased to the point where fewer and fewer families could afford to buy.

Between 1981 and 1985, the average resale price fell 4 percent. This was largely attributable to price reductions in the condominium market, where the annual average price dropped from $116,274 in 1981 to $102,966 in 1985.

Currently, the indicators for real estate look very strong. December and January are typically very slow months for housing sales. People are usually more concerned with Christmas shopping and post holiday sales, rather than house hunting. However, December, 1985 and January, 1986 proved to be an exception to the rule by showing spectacular gains.

For example, during the month of December in 1982 to 1984, real estate sales averaged 250 units per month. In contrast, during December, 1985, sales jumped to 622 units, a 150 percent increase. Similarly, during the months of January for years 1982 to 1985, sales averaged 250 units per month. The total grew to 544 units in January, 1986, a 118 percent gain.

The increase in home purchases was largely due to a substantial drop in interest rates during the latter part of December. According to the Federal Home Loan Bank Board, Honolulu's effective mortgage rate fell to 11.3 percent in December, a 6-1/2 year low.

Will this surge in real estate activity continue through 1986? Several factors point to an emphatic yes. 1986 should be an excellent year for home buyers and the real estate industry. The sharp decline in interest rates during December reflected investors reaction to a variety of events. Contributing to lower interest rates were a drop in consumer borrowing, the expectation of low inflation due to lower oil prices, and the passage of the Gramm-Rudman-Hollings Deficit Reduction Act.

These factors should continue to exert a positive influence on interest rates through 1986. According to the Blue Chip Financial Forecasts, a survey of 45 top national financial analysts, mortgage rates should maintain their downward trend. The current quarterly average of 11.3 percent is expected to drop to 10.7 percent by the second quarter of 1986.

Several factors confirm these expectations. Effective March 3rd, the Veterans Administration lowered its home loan interest rate a full percentage point, from 10.5 percent to 9.5 percent. This was the first time that mortgages were in the single-digit range in 7-1/2 years. Also in early March, the Federal Reserve Board started a chain reaction by lowering its discount rate (the rate it charges its member banks). This, in turn, allowed banks to lower their prime lending rate and a wide variety of other interest rates. While mortgage rates will not drop as dramatically as the short term rates, further declines in home loans are expected.

Lower mortgage rates have the same effect on housing affordability as lower prices. As the rate drops, families need less income to qualify for the same loan amount (see Figure 4). In the first half of 1982, when interest rates hovered around the 16 percent mark, to qualify for a conventional 30-year $100,000

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	January	482.2p	−0.9	1.6
Employment	thous.	January	453.9p	−1.8	1.9
Unemployment	thous.	January	28.4p	15.2	−2.2
Unemployment Rate	percent	January	5.9p	15.7	−3.3
OAHU:					
Civilian Labor Force	thous.	January	364.0p	−1.0	2.4
Employment	thous.	January	345.2p	−1.6	2.9
Unemployment	thous.	January	18.8p	12.2	−6.0
Unemployment Rate	percent	January	5.2p	13.0	−7.1
MAUI COUNTY:					
Civilian Labor Force	thous.	January	46.3p	−0.6	−0.9
Employment	thous.	January	42.8p	−2.4	−1.8
Unemployment	thous.	January	3.5p	27.3	12.9
Unemployment Rate	percent	January	7.6p	28.8	15.2
HAWAII:					
Civilian Labor Force	thous.	January	50.1p	−1.0	−1.3
Employment	thous.	January	45.9p	−1.9	−1.0
Unemployment	thous.	January	4.3p	11.8	−3.4
Unemployment Rate	percent	January	8.4p	12.0	−2.3
KAUAI:					
Civilian Labor Force	thous.	January	21.8p	−0.7	0.0
Employment	thous.	January	20.0p	−2.9	−1.0
Unemployment	thous.	January	1.8p	34.6	9.4
Unemployment Rate	percent	January	8.1p	35.0	11.0
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	January	473.6p	−1.1	3.0
SUGAR (Mill and Field)	thous.	January	7.4p	0.0	−5.2
PINEAPPLE (Cannery and Field)	thous.	January	2.8p	−14.1	3.8
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	January	16.6p	−0.3	6.8
Durable Goods	thous.	January	3.5p	−1.4	−4.2
Non-Durable Goods	thous.	January	13.2p	0.0	4.0
Apparel and Textiles	thous.	January	3.5p	−1.4	12.9
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	January	6.9p	−6.8	−12.1
CONTRACT CONSTRUCTION	thous.	January	16.9p	−1.7	15.0
TRANSPORTATION	thous.	January	24.7p	0.4	9.8
COMMUNICATION	thous.	January	7.2p	−1.4	−4.0
UTILITIES	thous.	January	2.5p	0.0	2.1
RETAIL TRADE	thous.	January	96.4p	−2.3	2.1
WHOLESALE TRADE	thous.	January	19.7p	−0.8	2.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	January	32.1p	0.0	1.6
HOTEL SERVICES—STATE	thous.	January	27.3p	−1.6	−5.7
Oahu	thous.	January	16.1p	0.9	−0.3
Maui County	thous.	January	6.0p	−4.0	−9.1
Hawaii	thous.	January	3.5p	2.9	−12.5
Kauai	thous.	January	1.8p	−14.6	−23.9
OTHER SERVICES	thous.	January	84.1p	0.8	4.0
FEDERAL GOVERNMENT	thous.	January	32.2p	−1.5	0.0
Civilian Agencies	thous.	January	11.7p	−3.3	0.4
Defense Department	thous.	January	20.6p	−0.2	0.2
STATE GOVERNMENT	thous.	January	50.7p	1.5	8.2
COUNTY GOVERNMENT	thous.	January	12.6p	−1.6	−1.6
NON-AGRICULTURE SELF-EMPLOYED	thous.	January	33.9p	−4.6	4.5
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	January	9,785	6.1	−36.9
INTRASTATE INITIAL CLAIMS	number	January	7,007	......	−3.2
INTERSTATE INITIAL CLAIMS	number	January	372	......	−9.7
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	January	5,172	......	−37.5

p=preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	January	56,812	−0.8	−5.6
Payments	thous. $	January	7,899	......	−4.7
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	January	44,845	−9.0	−0.7
Payments	thous. $	January	11,146	......	−20.7
FOOD STAMPS:					
Recipients[1]	no./persons	December	94,626	−1.5	−7.0
Payments	thous. $	Jan.-Dec.	92,274	......	10.9
SERVICES:					
Recipients[1]	no./cases	4th Qtr.	7,519	−2.3	9.5
Payments	thous. $	Yr. to 4th Qtr.	15,535	......	0.0

[1]Count of recipients is duplicated. A person may be counted in each category.

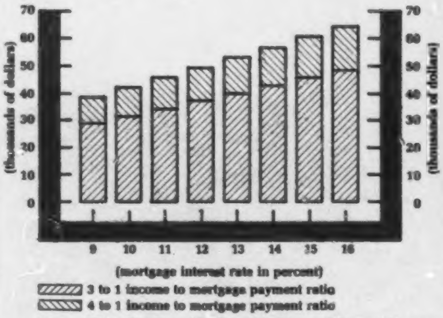
banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	February	7,453.1	2.0	12.5
Debits To Demand Deposits	mil. $	February	16,761.3	......	11.4
OAHU:					
Total Deposits	mil. $	February	6,172.0	1.7	13.5
Debits To Demand Deposits	mil. $	February	15,170.2	......	11.0
MAUI COUNTY:					
Total Deposits	mil. $	February	486.1	1.6	9.0
Debits To Demand Deposits	mil. $	February	702.7	......	15.1
HAWAII:					
Total Deposits	mil. $	February	533.7	3.8	7.0
Debits To Demand Deposits	mil. $	February	617.7	......	10.8
KAUAI:					
Total Deposits	mil. $	February	261.3	4.3	8.8
Debits To Demand Deposits	mil. $	February	270.7	......	26.3
BANK LOANS OUTSTANDING—STATE:	mil. $	4th Qtr.	4,615.0	3.2	9.8
Real Estate	mil. $	4th Qtr.	1,881.3	3.6	11.7
Consumer	mil. $	4th Qtr.	1,054.9	4.6	11.7
Commercial & Industrial	mil. $	4th Qtr.	1,338.0	3.3	8.0
Other	mil. $	4th Qtr.	340.8	−3.5	1.8
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU	percent	December	11.3	−2.6	−11.7
SAVINGS & LOAN ASSOCIATIONS:[1]					
TOTAL DEPOSITS	mil. $	December	3,598.0	0.1	−7.9
TOTAL LOANS	mil. $	December	93.3	40.9	NA
MORTGAGE LOANS	mil. $	December	77.8	47.3	76.4
TAX COLLECTIONS:[2]					
STATE	thous. $	January	154,358	26.0	13.3
Oahu	thous. $	January	129,712	21.5	10.3
Maui County	thous. $	January	10,679	93.4	30.5
Hawaii	thous. $	January	9,981	51.7	34.6
Kauai	thous. $	January	4,058	12.0	34.5

[1]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[2]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

mortgage, a family would need an annual income of $48,400, using a 3 to 1 ratio of income to payments. The same mortgage at 9 percent would only require an annual income of $29,000.

FIGURE 4
QUALIFYING INCOME FOR $100,000 30-YR MORTGAGE



Source: Thoradike Encyclopedia of Banking and Financial Tables

In 1983, the median family income was $24,800. Converting these numbers into a ratio of income earned to income needed, at 16 percent, the average family only earned 51 percent of the necessary amount to qualify for a $100,000 mortgage. However, at 9 percent, the family would have had 86 percent of the necessary income.

As long as prices remain stable, falling interest rates make home ownership a greater possibility for a greater number of families. According to Locations, Inc., over 70,000 households on Oahu qualify for an average-priced residence in 1986. In contrast, only 40,000 could afford the average home/condominium in 1985, and only 15,000-20,000 households between 1981 and 1984.

There are several other factors that impact home buying trends besides interest rates and prices; they also point to a good year for real estate. There is a high degree of pent up demand from the days of high interest rates and high prices. There is also a general optimism regarding the economy which means more jobs and higher income. In addition, the population is expected to expand by 1.5 percent during 1986.

All these facts mean that more people with more money are buying homes. Add stable prices and lower interest rates and you have substantial increases in the number of people who qualify for home loans.

Improvements in real estate are also important to other economic sectors. As more people buy homes or condominiums, there will be a greater incentive for contractors to build. That means the construction industry should get a much needed boost in 1986.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank

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Welcoming Japan's one millionth visitor to Hawaii. *Photo: Bob Abraham*

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank

May June 1986

The Resurgence of Hawaii's Pineapple Industry

The conventional wisdom about the pineapple industry is that it has an uncertain future. Certainly, the statistical trends in the industry are not encouraging. From ten pineapple companies farming 77,000 acres in the mid-1950s, there are now three farming less than half that acreage. From over a million tons of pineapple marketed in 1967, less than 600,000 tons of pineapple are marketed today. The industry employed upwards of 12,000 workers in the 1940s; but, now only 3,900 are on the payrolls. The latest sign of distress is a 53-percent drop in 1985 taxable income for canned pineapple sales.

Everywhere, sentiments about pineapple's future strike a doubtful chord—everywhere, that is, except within the pineapple industry itself. There, one finds a sense of quiet optimism. While little of this positive mood has surfaced publicly, that it exists can be inferred from recent events in the industry.

Ten years ago, Hawaii's pineapple industry struggled back to health, after fending off stiff competition from foreign growers and mainland fruit processors for two long decades. These pressures had so chopped profits that the industry shrank from ten companies to the Dole Hawaii Division of Castle & Cooke, Maui Pineapple Co., and Del Monte. Once consolidated, however, conditions began to improve in the industry. Hawaii's biggest rivals for the mainland market, Taiwan and Malaysia, reduced exports substantially as industrial activities began to receive higher priority than agriculture in their economies. In addition, drought conditions there, and on the mainland, reduced supplies of competing fruit. Also, the mainland market for pineapple began to solidify. Hawaii's growers earned the reputation as dependable suppliers of quality fruit in contrast to foreign sources considered vulnerable to the uncertainties of weather and politics.

Since then, productivity in Hawaii's pineapple industry showed strong improvement. Between 1956 and 1985, the farm value of total production jumped 142 percent, up to $90 million. This reflected the best farm prices ever recorded for pineapple, and translated into a 430-percent gain in farm value of pineapple harvested per acre. Much of the gain is due to the growth of the fresh fruit market, where farm prices are four times the price for processed fruit. Last year, fresh fruit represented 22 percent of total production, another record high.

Another reason for the surge in productivity was the adoption of drip irrigation by Del Monte, Dole, and Maui Pineapple Co. Drip irrigation makes maximum use of scarce water supplies, and allows more economical distribution of fertilizer and pesticides. Because of the expense of these systems' investment in drip irrigation represents a long-term commitment to continued operation.

The perception of pineapple's doubtful future persists because of the scarcity of reliable statistics. The most reliable information has come from excise tax-base data, issued monthly by the State Tax Department, based on returns filed by the companies. According to the data, revenues dropped precipitously for unexplained reasons in 1985 to 53 percent below 1984 levels. The true reason was that Dole's cannery site was approved as a foreign trade subzone in July, 1985. Dole was not only exempted from paying duty on imported tinplate, but also from the requirement to pay the state excise tax. With Maui Pineapple Co.'s application for foreign trade subzone status now approved, excise tax-base figures will no longer be useable for following trends in the pineapple industry.

In fact, the prospects for the industry look optimistic. The Pineapple Growers Association of Hawaii reported a record year in 1984 with $249.5 million in revenues, an increase of 14 percent over 1983. In 1985, revenues dropped 11 percent to $222.5 million; but, the industry is expecting favorable results over the next few years, barring bad weather and excessive mainland and foreign fruit production.

Del Monte, which at one time announced the closing of its Molokai plantation, is expanding its planting there by 250 acres annually until output is doubled in 1988. Although Del Monte closed its cannery in 1983, it continues to operate a frozen pineapple product plant in Honolulu, and has built a new juice concentrate plant, where its fresh pineapple is packed for shipment.

Dole announced plans to renovate and upgrade its present Iwilei cannery. The company's production on Lanai is expected to increase with further expansion of drip irrigation. Dole's worldwide earnings from pineapple for fiscal 1985 were the highest in five years.

Maui Pineapple Co. has been successful in developing the private label market; but, it also has expanded the institutional market in the past few years, and will need more land to increase production significantly. Negotiations are in progress with Wailuku Agribusiness Co., a subsidiary of C. Brewer & Co., for Maui Pineapple Co. to grow pineapple on 2,000 acres of former sugar lands.

Thus, while it is true that the pineapple industry has diminished in size over the years, it continues to grow in productivity and output. With a level of stability in the world pineapple market, that growth trend can be expected to continue in the years ahead.

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MAY/JUNE FEATURE STORY: BANNER YEAR FOR TOURISM, IN 1986

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CURRENT BUSINESS TRENDS

Recent statistics on business activity in Hawaii show that gross business receipts, an overall measure of activity in the economy, advanced during the first two months of 1986 by 2.4 percent over the same period in 1985. This indicates that the economy is experiencing healthy growth. The increase was due largely to strong performances by the Kauai and Maui economies, which experienced 37- and 4-percent increases through February of 1986. Over the same period, Oahu's business receipts increased by 1.6 percent, while the Big Island grew by 0.5 percent.

Coming at the peak of the winter season, tourist arrivals in March showed a sizeable 14-percent increase over January, placing the overnight-and-longer visitor count at 506,930 persons. Westbound visitors (from the Mainland, Canada, and Europe) were up by 16 percent at 403,120 persons. Eastbound visitors (from the Orient and Oceania) totalled 103,810 persons, representing a 4-percent gain over February. Compared to the previous year, March displayed an impressive 9-percent increase, the best in the last 13 months.

Among the Neighbor Islands, only the Big Island experienced a decline in westbound visitor counts in March, falling by 0.6 percent from the previous month. In the meantime, Oahu's westbound tourist arrivals came to 289,210 persons, up 15 percent from February, while Maui received 188,080 westbound visitors, up 10 percent, and Kauai hosted 87,740 westbound visitors, up 6 percent.

Hawaii's sugar industry has shown improvement since the Farm Act was signed into law on December 23, 1985. Sugar production through March of this year rose 21 percent to 114,000 tons, while sugar prices declined by less than 1 percent. While still below the 1985

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	1st Qtr.	4,117p	1.4	5.1
In 1982 Dollars	bil. $	1st Qtr.	3,619p	0.8	2.0
PERSONAL INCOME**	bil. $	March	3,407p	0.2	4.6
INTEREST RATES					
AVERAGE PRIME RATE	percent	March	9.10	−4.2	−13.3
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE*	bil. $	February	360.5p	1.2	7.8
CONSTRUCTION COST INDEXES					
Residences	1967 = 100	January	372.2	0.2¹	2.1
Apts. Hotels, Office Bldgs.	1967 = 100	January	370.0	0.2¹	1.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	March	108,788	0.2	1.7
UNEMPLOYMENT*	thous.	March	8,419	−1.3	0.4
UNEMPLOYMENT RATE*	percent	March	7.2	−1.4	−1.4
PRICES					
CONSUMER PRICE INDEXES					
Wage Earners and Clerical Workers	1967 = 100	March	321.4	−0.6	1.9
All Urban Consumers	1967 = 100	March	326.0	−0.5	2.3
PRODUCER PRICE INDEXES					
Finished Goods*	1967 = 100	March	288.6p	−1.1	−1.2
All Commodities	1967 = 100	February	304.7p	−1.4	−1.4

p = preliminary
¹Compared to November, 1985
*Seasonally adjusted
**Seasonally adjusted at annual rates

business activity in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
BUSINESS SALES					
GROSS BUSINESS RECEIPTS					
STATE	mil. $	Jan.-Feb.	4,178.4	......	2.4
Oahu	mil. $	Jan.-Feb.	3,514.9	......	1.6
Maui County	mil. $	Jan.-Feb.	280.6	......	4.0
Hawaii	mil. $	Jan.-Feb.	273.8	......	0.5
Kauai	mil. $	Jan.-Feb.	109.1	......	37.2
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Feb.	78.9	......	−4.2
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Feb.	42.0	......	−3.2
RETAILING	mil. $	Jan.-Feb.	1,611.6	......	6.8
WHOLESALING	mil. $	Jan.-Feb.	1,027.1	......	−4.8
SERVICES	mil. $	Jan.-Feb.	936.5	......	−1.8
OAHU NEW CAR SALES	number	Jan.-Feb.	6,169p	......	−10.8
HONOLULU CONSUMER PRICE INDEX					
Wage Earners and Clerical Workers	1967 = 100	February	308.5	0.9¹	2.7
All Urban Consumers	1967 = 100	February	301.2	0.9¹	2.9
TOURISM					
VISITOR EXPENDITURES	mil. $	1985	4,900p	......	15.3
OVERNIGHT OR LONGER VISITORS	number	March	506,930p	13.7	9.1
	number	Jan.-Mar.	1,386,790p	......	6.6
Westbound	number	March	403,120p	16.4	−6.4
	number	Jan.-Mar.	1,088,330p	......	7.6
Eastbound	number	March	103,810p	4.4	9.8
	number	Jan.-Mar.	298,460p	......	3.0
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Mar.	127,190p	......	6.2
AVERAGE LENGTH OF STAY	no. of days	Jan.-Mar.	10.5p	......	−1.9
MEETING ATTENDANCE	number	January	25,991	......	−10.3
ORGANIZED GROUP TOURS	number	Jan.-Mar.	238,870p	......	−6.1
VISITOR COUNT BY COUNTY²					
Oahu	number	March	289,210p	14.9	−6.5
	number	Jan.-Mar.	785,690p	......	5.3
Maui County	number	March	188,080p	10.5	−0.1
	number	Jan.-Mar.	514,150p	......	−0.8
Hawaii	number	March	72,180p	−0.6	2.1
	number	Jan.-Mar.	214,220p	......	4.8
Kauai	number	March	87,740p	6.0	0.4
	number	Jan.-Mar.	246,920p	......	10.6

p = preliminary.
¹Compared to December, 1985.
²Estimated Westbound.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS					
STATE	number	Feb., 1986	66,308	......	0.6
Oahu	number	Feb., 1986	39,010	......	1.1
Waikiki	number	Feb., 1986	34,650	......	2.3
Maui (Island)	number	Feb., 1986	13,451	......	−0.5
Molokai	number	Feb., 1986	635	......	1.3
Lanai	number	Feb., 1986	10	......	0.0
Hawaii	number	Feb., 1986	7,280	......	−3.1
Kauai	number	Feb., 1986	5,922	......	4.7
HOTEL OCCUPANCY					
STATE	percent	March	86.5p	−6.6	−0.7
		Jan.-Mar.	86.8p	......	−1.1
Oahu	percent	March	89.9p	−5.9	0.2
		Jan.-Mar.	89.6p	......	−2.8
Maui (Island)	percent	March	90.5p	−2.0	−0.8
		Jan.-Mar.	88.5p	......	−1.0
Hawaii	percent	March	69.0p	−15.6	−3.8
		Jan.-Mar.	72.7p	......	−0.3
Kauai	percent	March	81.2p	−11.1	−3.3
		Jan.-Mar.	85.1p	......	9.4
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS, TOTAL	mil. $	Yr. to 4th Qtr.	2,041.0	......	4.6
Military Payroll	mil. $	Yr. to 4th Qtr.	835.8	......	−0.2
Civilian Payroll	mil. $	Yr. to 4th Qtr.	627.5	......	4.3
Local Purchases	mil. $	Yr. to 4th Qtr.	577.7	......	13.0
SUGAR					
VALUE OF CROP SALES					
(Unprocessed Cane)	mil. $	1984	256.2	......	−4.0
SUGAR PRODUCTION	thous. tons	Jan.-Mar.	114.1	......	21.1
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Apr.	413.2	......	−0.4
PINEAPPLE					
VALUE OF CROP SALES					
(Fresh Equivalent)	thous. $	1985	90.1	......	0.2
SHIPMENTS, FRESH	thous. lbs.	Jan.-Mar.	54,373	......	−13.9
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1984	120,756	......	5.3
FLOWERS & NURSERY PRODUCTS	thous. $	1984	42,905	......	18.6
Anthurium Outshipments	th. dozens	Jan.-Feb.	242.9	......	9.2
Potted Foliage Plants	thous. $	1984	14,050	......	29.7
FRUITS & NUTS	thous. $	1984	39,749	......	3.2
Papaya Sales	th. lbs.	Jan.-Mar.	11,690	......	−8.5
Average Farm Price	cents/lb.	March	20.0	−4.8	11.7
Macadamia Nut Sales (in shell)	th. lbs.	1985	37,000	......	−1.9
Average Farm Price	cents/lb.	1985	70.0	......	1.2
VEGETABLES AND MELONS[3]	th. lbs.	Jan.-Apr.	20,348	......	−0.3
LIVESTOCK	thous. $	1984	87,025	......	0.6
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Feb.	5,886	......	14.2
Average Farm Price (Feedlot Beef)	cents/lb.	February	80.0	−7.5	−9.1
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Feb.	972	......	1.1
Average Farm Price	cents/lb.	February	104.0	−0.5	−0.5
MILK PRODUCTION	mil. lbs.	Jan.-Feb.	25.4	......	9.0
Average Price Sold to Plants	$/100 lbs.	February	20.22	−0.1	−1.5
EGG PRODUCTION	mil.	Jan.-Mar.	57.1	......	7.1
Average Farm Price	cents/doz.	March	80.0	3.2	−8.6
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Mar.	1,764.6	......	5.3
GAS SALES	th. therms.	Jan.-Mar.	12,481	......	−1.0
TELEPHONE LINES IN SERVICE	thous.	Jan.-Mar.	468.1	......	1.7

p = *preliminary.*

[2] *From Hawaii County.*

[3] *Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.*

average level of 7,550 jobs, sugar industry employment in March 1986 was up 0.7 percent from the previous month at 7,400 jobs.

Unlike the sugar industry, the pineapple industry showed disappointing results. Shipments of fresh pineapple through March dropped by 14 percent over the same period in 1985. However, cumulative pineapple-industry job counts through March showed an increase of 14 percent over the same month in 1985.

Other crops showed mixed results. Anthurium outshipments through February were at 124,000 dozens, up 9 percent, while papaya sales through March were at 4 million pounds, down 8 percent over the same period in 1985. Meanwhile, vegetable and melon production through March showed a moderate gain of 5 percent at 15 million pounds. Overall job counts in diversified agriculture in March stood at 7,650 jobs, up 8 percent from the same period in 1985.

The construction industry was off to a good year. In February, new construction expenditures totalled $109 million, up 20 percent from the same period in 1985. Future construction, as indicated in building permit data, promises new strength. On Oahu, where most construction takes place, the value of residential permits through March showed a 19-percent increase, while the value of nonresidential permits recorded a 45-percent increase.

After a seasonal decline in January, the number of employed persons rose to 459,300 in February, up 1 percent from the previous month and 2 percent from the same period in 1985. The civilian labor force displayed a similar pattern. Following a brief pause in January, Hawaii's civilian labor force was estimated at 486,800 persons, up 1 percent from January and 3 percent from February 1985. The number of unemployed stood at 27,500 people in February, down 2 percent from January.

Total job counts in Hawaii continued to show positive growth. The state job counts in March rose to 473,900 jobs, up 3 percent from March of last year. Growth was shared primarily by such industries as pineapple (up 6 percent), diversified manufacturing (up 6 percent), diversified agriculture (up 8 percent), transportation (up 8 percent), retailing (up 4 percent), and wholesaling (up 3 percent). Over-the-year shrinkages occurred primarily in construction (down 10 percent), hotel services (down 6 percent), and the sugar industry (down 2 percent).

BANNER YEAR FOR TOURISM IN 1986

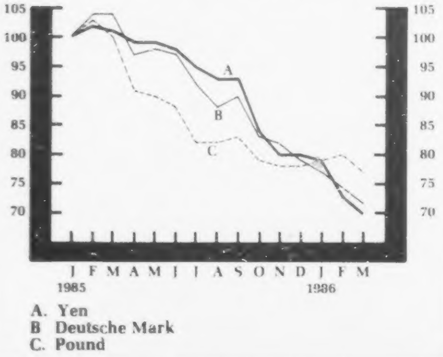
Tourist arrivals should exceed all previous expectations during 1986. What looked like a good year, may now be shaping up into a banner year. Several national and international factors are contributing to the new, improved outlook for Hawaii's visitor industry, including: strong economic growth nationally; the continued devaluation of the U.S. dollar; cheaper oil prices; and increased terrorism abroad.

First, on the national level, the U.S. economy showed a strong rebound in the first quarter of 1986. Growing at a much faster pace than expected, the Gross National Product (GNP) increased by 3.7 percent during the January-March, 1986 period. The GNP is a broad index that measures the nation's economic health. The better than average expansion in GNP seen in the first quarter was welcome news after three quarters of sluggish growth. The upturn in growth, combined with the lowest inflation in almost two decades, indicate that the national economy is again gathering steam.

The economic rebound means that individuals will not only have greater disposable income, but also greater confidence in the economy. That, in turn, will stimulate spending on "big ticket" items such as refrigerators, televisions, and vacations. And, it will boost the westbound segment of Hawaii's visitor market, which came to 3.7 million visitors in 1985.

The second major factor contributing to increased domestic tourism is the continuing decline in the value of the U.S. dollar against other major foreign currencies (see Figure 1). Between September, 1985, and April, 1986, the dollar fell about 30 percent against the Japanese yen. For the travelers from Japan, that means a 30-percent discount on their vacation cost, and should provide

Figure 1
FOREIGN EXCHANGE RATES
CURRENCY UNITS PER DOLLAR
Jan. 1985 = 100



business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-Feb.	251,103	......	42.3
Oahu	thous. $	Jan.-Feb.	216,852	......	47.9
Maui County	thous. $	Jan.-Feb.	13,907	......	42.2
Hawaii	thous. $	Jan.-Feb.	13,977	......	−13.2
Kauai	thous. $	Jan.-Feb.	6,367	......	62.2
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	February	364.7	−0.1	3.6
HIGH-RISE	1967 = 100	February	382.3	−0.2	3.5
PRIVATE PERMITS AUTHORIZED					
STATE RESIDENTIAL	thous. $	Jan.-Dec.	566,033	......	48.2
Single Family Units	number	Jan.-Dec.	4,741	......	14.7
Multiple Family Units	number	Jan.-Dec.	2,556	......	104.5
NONRESIDENTIAL	thous. $	Jan.-Dec.	323,256	......	65.1
OAHU RESIDENTIAL	thous. $	Jan.-Mar.	102,153	......	19.3
Single Family Units	number	Jan.-Mar.	328	......	9.0
Multiple Family Units	number	Jan.-Mar.	1,247	......	24.2
NONRESIDENTIAL	thous. $	Jan.-Mar.	48,707	......	45.3
MAUI CO. RESIDENTIAL	thous. $	Jan.-Dec.	145,915	......	256.9
Single Family Units	number	Jan.-Dec.	984	......	54.2
Multiple Family Units	number	Jan.-Dec.	457	......	7,516.7
NONRESIDENTIAL	thous. $	Jan.-Dec.	32,718	......	72.6
HAWAII RESIDENTIAL	thous. $	Jan.-Mar.	15,117	......	−56.3
Single Family Units	number	Jan.-Mar.	262	......	12.4
Multiple Family Units	number	Jan.-Mar.	4	......	−96.9
NONRESIDENTIAL	thous. $	Jan.-Mar.	6,740	......	−41.2
KAUAI RESIDENTIAL	thous. $	Jan.-Mar.	7,067	......	−38.9
Single Family Units	number	Jan.-Mar.	72	......	−15.3
Multiple Family Units	number	Jan.-Mar.	0	......	−100.0
NONRESIDENTIAL	thous. $	Jan.-Mar.	35,069	......	1,050.2
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Apr.	105,192	......	22.4
Oahu	thous. $	Jan.-Apr.	82,587	......	44.0
Maui County	thous. $	Jan.-Apr	9,307	......	−50.8
Hawaii	thous. $	Jan.-Apr.	9,621	......	167.2
Kauai	thous. $	Jan.-Apr.	3,678	......	−39.2
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Apr.	19,600	......	−7.0
State	thous. $	Jan.-Apr.	62,194	......	131.8
County	thous. $	Jan.-Apr.	23,398	......	−38.5
REAL ESTATE RESALES					
STATE Single Family	number	Jan.-Mar.	641	......	24.2
Average Price	dollars	Jan.-Mar.	163,534	......	−1.6
Condominium	number	Jan.-Mar.	799	......	20.0
Average Price	dollars	Jan.-Mar.	108,523	......	−0.3
OAHU Single Family	number	Jan.-Mar.	392	......	−1.5
Average Price	dollars	Jan.-Mar.	193,915	......	7.0
Condominium	number	Jan.-Mar.	603	......	9.2
Average Price	dollars	Jan.-Mar.	104,891	......	1.4
MAUI CO. Single Family	number	Jan.-Mar.	88	......	100.0
Average Price	dollars	Jan.-Mar.	134,821	......	−11.1
Condominium	number	Jan.-Mar.	136	......	63.9
Average Price	dollars	Jan.-Mar.	130,295	......	−10.6
HAWAII Single Family	number	Jan.-Mar.	123	......	108.5
Average Price	dollars	Jan.-Mar.	95,192	......	13.2
Condominium	number	Jan.-Mar.	25	......	66.7
Average Price	dollars	Jan.-Mar.	87,310	......	5.8
KAUAI Single Family	number	Jan.-Mar.	38	......	153.3
Average Price	dollars	Jan.-Mar.	137,827	......	1.4
Condominium	number	Jan.-Mar.	35	......	118.8
Average Price	dollars	Jan.-Mar.	101,650	......	−21.4

p = preliminary

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE					
Total De Facto Population	thous.	July 1, 1985	1,149.9p	......	0.9
Total Resident Population	thous.	July 1, 1985	1,053.9p	......	1.6
OAHU					
Total De Facto Population	thous.	July 1, 1984	859.8p	......	1.5
Total Resident Population	thous.	July 1, 1984	805.3p	......	1.6
MAUI COUNTY					
Total De Facto Population	thous.	July 1, 1984	114.5p	......	10.3
Total Resident Population	thous.	July 1, 1984	83.1p	......	4.0
HAWAII					
Total De Facto Population	thous.	July 1 1984	112.5p	......	1.7
Total Resident Population	thous.	July 1, 1984	105.4p	......	3.4
KAUAI					
Total De Facto Population	thous.	July 1, 1984	54.4p	......	7.3
Total Resident Population	thous.	July 1, 1984	44.0p	......	2.1
CIVILIAN RESIDENT POPULATION					
STATE	thous.	July 1, 1984	981.9p	......	2.0
MILITARY PERSONNEL					
STATE	number	July 1, 1985	58,005	......	−4.6
Ashore	number	July 1, 1985	53,848	......	−4.4
Afloat	number	July 1, 1985	4,157	......	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1985	64,281	......	−4.2
FOREIGN IMMIGRATION[1]	number	Jan.-Apr.	1,835	......	6.0

p = *preliminary*

[1] *Includes only those entering Honolulu ports and does not include status changes.*

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr.	14,582p	1.7	5.5
EMPLOYMENT INCOME[1]	mil. $	4th Qtr.	10,697p	2.2	7.3
Manufacturing	mil. $	4th Qtr.	499p	4.4	6.6
Construction & Mining	mil. $	4th Qtr.	604p	2.5	41.5
Wholesale	mil. $	4th Qtr.	463p	1.3	10.0
Retail	mil. $	4th Qtr.	1,182p	0.3	3.0
Finance, Ins., & Real Estate	mil. $	4th Qtr.	705p	2.3	5.1
Trans., Comm., & Util.	mil. $	4th Qtr.	953p	2.9	5.8
Services	mil. $	4th Qtr.	2,487p	2.9	9.1
Farm & Other	mil. $	4th Qtr.	336p	7.3	−2.9
Federal Civilian	mil. $	4th Qtr.	959p	0.1	2.8
Federal Military	mil. $	4th Qtr.	1,329p	4.3	8.0
State & Local	mil. $	4th Qtr.	1,181p	−0.1	2.7
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	4th Qtr.	2,711p	0.7	1.2
TRANSFER PAYMENTS (1,906) minus Personal Contributions for Social Insurance (732)	mil. $	4th Qtr.	1,174p	−1.2	−0.4
PER CAPITA PERSONAL INCOME					
STATE	dollars	1985	13,542p	......	3.8
Oahu	dollars	1983	12,697p	......	4.9
Maui County	dollars	1983	10,963p	......	3.4
Hawaii	dollars	1983	9,396p	......	3.1
Kauai	dollars	1983	9,867p	......	2.7

***Total personal income and all components are seasonally adjusted at annual rates.*

[1] *Includes wage and salary disbursements, proprietors' income, and other labor income.*

p = *preliminary*

an extra incentive for Japanese travelers to come to Hawaii.

While encouraging foreign visitors to come to the U.S., the softer dollar also acts to discourage American travelers from going abroad. With the weakening of the dollar, many European and Asian countries are not the bargains they were a year ago. Therefore, the changes in exchange rates should result in heavier traffic from foreign countries, and more domestic travel by Americans, who previously might have gone to Europe or Asia.

Terrorism is the third area influencing the flow of tourism. The recent, tragic terrorist incidents have made even seasoned travelers much more cautious.

According to a survey by Travel Weekly magazine, the growing threat of terrorism has affected bookings, and has increased cancellations to specific European and Middle Eastern areas. The 209 travel agents surveyed said that more than half of the cancellations later rebooked, usually to a domestic destination. Officials at the government tourist office stated that the visitor count to Europe may be down by 15 percent this year, and that the count to the Middle East was already down by as much as 60 to 70 percent. According to one news release, Americans making reservations for travel to Egypt were near zero, and reservations for Italy and Greece were down by 70 percent.

How this will affect travel to Hawaii is uncertain. Many industry officials are reluctant to address the issue, not wanting to capitalize on the misfortunes of other destinations. But most agree that there will be some impact. Some releases have already cited conventions that switched to Hawaii from Europe due to the fear of terrorist attacks.

Fourth and finally, falling oil prices will have a positive impact not only for consumers, but also for travelers this year. As oil prices plunge, fuel costs also drop, and fuel is a major operating cost for airlines. According to United Airlines, a one-cent-a-gallon drop in fuel prices saves the airlines $16 million per year. Because of deregulation and increased competition among the airlines, some of these savings will be passed onto the customer in terms of lower air fares.

However, the fare reductions apply to competing visitor destinations, as well as Hawaii. In addition, the drop in oil prices has caused the price of gasoline to come down, which will encourage some people to take driving vacations this year.

Taken together, these four factors point to increased domestic travel in

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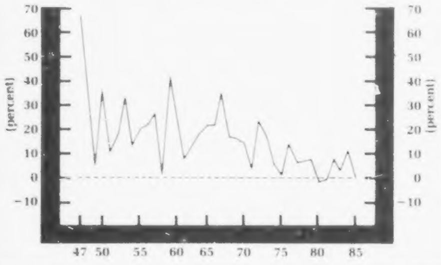
1986. A survey of New York travel agents concluded that people were showing greater interest not only in domestic destinations, but also in Canada, the Caribbean, Mexico, the South Pacific, and Asia. While Hawaii should get a fair share of the improved domestic market, it should be noted that other destinations are also gearing up to take advantage of current conditions. For example, Canada, with its Expo '86, is spending $14 million on advertising to attract more visitors from the U.S. to Vancouver. California launched a $5 million campaign to encourage residents to see their own state.

However, as long as Hawaii remains competitive and maintains its positive image as a quality destination, the number of visitors in 1986 should show a significant jump.

Hawaii's visitor count was expected to pass the 5 million mark in 1985. The number of arrivals was promising for the first four months of the year until the industry was hit by the United Airlines pilot strike. This devastated the industry and depressed tourist traffic. After the strike was settled, aggressive advertising campaigns and promotional programs encouraged enough visitors to come to Hawaii to bring the final annual count up to 4.9 million, a meager 0.6 percent above 1984's total. There were only two years since World War II during which Hawaii's visitor industry showed such minimal growth (see Figure 2).

Figure 2
TOURIST ARRIVALS, ANNUAL PERCENT CHANGE
STATE OF HAWAII
1947-1985



Now, given the improved scenario, the 1986 arrival count should easily surpass 5 million. The over-the-year gain is expected to fall in the 7 to 9 percent range, that is, 5.2 to 5.3 million visitors to Hawaii in 1986.

The numbers through the first quarter of this year substantiate the expected gains. So far, during 1986, arrivals are up a very healthy 7 percent. In March alone, there were 506,930 visitors; the first time in the history of Hawaii's tourism industry that the monthly count

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE					
Civilian Labor Force	thous.	March	495.4p	1.8	3.7
Employment	thous.	March	467.1p	1.7	2.4
Unemployment	thous.	March	28.3p	2.7	32.3
Unemployment Rate	percent	March	5.7p	0.0	26.7
OAHU					
Civilian Labor Force	thous.	March	373.5p	1.8	2.4
Employment	thous.	March	354.7p	1.7	1.4
Unemployment	thous.	March	18.8p	3.3	26.3
Unemployment Rate	percent	March	5.0p	0.0	22.0
MAUI COUNTY					
Civilian Labor Force	thous.	March	47.3p	1.5	7.5
Employment	thous.	March	44.2p	1.5	5.4
Unemployment	thous.	March	3.2p	1.6	46.5
Unemployment Rate	percent	March	6.6p	0.0	37.5
HAWAII					
Civilian Labor Force	thous.	March	52.1p	1.7	10.9
Employment	thous.	March	47.7p	2.1	8.9
Unemployment	thous.	March	4.5p	−1.1	36.9
Unemployment Rate	percent	March	8.5p	−3.4	23.2
KAUAI					
Civilian Labor Force	thous.	March	22.5p	2.0	2.5
Employment	thous.	March	20.6p	1.0	−1.2
Unemployment	thous.	March	2.0p	11.4	69.6
Unemployment Rate	percent	March	8.7p	11.5	64.2
JOB COUNT BY INDUSTRY					
TOTAL [illegible]—STATE	thous.	March	473.9p	0.3	2.9
SUGAR (Mills and Fields)	thous.	March	7.4p	0.7	−2.0
PINEAPPLE (Canning and Fields)	thous.	March	3.6p	4.3	4.3
[illegible] MANUFACTURING					
Excluding Sugar and Pineapple	thous.	March	16.6p	1.2	6.1
Durable Goods	thous.	March	3.4p	−1.4	9.7
Non-Durable Goods	thous.	March	13.2p	1.5	4.8
Apparel and Textiles	thous.	March	3.5p	1.4	18.6
DIVERSIFIED AGRICULTURE					
Excluding Sugar and Pineapple and Including Agricultural Services	thous.	March	7.6p	0.7	7.8
CONTRACT CONSTRUCTION	thous.	March	16.4p	−3.0	−10.4
TRANSPORTATION	thous.	March	24.2p	−0.6	8.1
COMMUNICATION	thous.	March	7.2p	0.7	−2.7
UTILITIES	thous.	March	2.4p	−2.0	0.0
RETAIL TRADE	thous.	March	97.0p	0.0	3.8
WHOLESALE TRADE	thous.	March	19.4p	−1.0	2.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	March	32.4p	0.6	0.6
HOTEL SERVICES—STATE	thous.	March	27.6p	0.5	−6.0
Oahu	thous.	March	16.4p	0.9	0.9
Maui County	thous.	March	5.8p	−1.7	−13.4
Hawaii	thous.	March	3.5p	0.0	−13.6
Kauai	thous.	March	1.8p	0.0	−23.4
OTHER SERVICES	thous.	March	85.1p	0.9	4.7
FEDERAL GOVERNMENT	thous.	March	32.1p	−0.2	−0.9
Civilian Agencies	thous.	March	11.6p	0.0	−0.9
Defense Department	thous.	March	20.5p	−0.2	−1.0
STATE GOVERNMENT	thous.	March	51.0p	1.8	2.5
COUNTY GOVERNMENT	thous.	March	12.6p	−0.4	−0.8
NON-AGRICULTURE SELF-EMPLOYED	thous.	March	31.2p	−1.1	19.1
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT Weekly Average	number	February	9,330	−4.6	−21.3
INTRASTATE INITIAL CLAIMS	number	Jan.-Feb.	11,581	......	−7.9
INTERSTATE INITIAL CLAIMS	number	Jan.-Feb.	696	......	−2.9
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Feb.	9,813	......	−29.8

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE					
Recipients	no./persons	March	55,646	−1.4	−5.7
Payments	thous. $	Jan.-Mar.	23,236	......	−6.6
MEDICAL ASSISTANCE					
Recipients	no./patients	January	44,845	−9.0	−0.7
Payments	thous. $	January	11,146	......	−20.7
FOOD STAMPS					
Recipients	no./persons	February	93,353	0.2	−7.2
Payments	thous. $	Jan.-Feb.	15,032	......	−4.4
SERVICES					
Recipients	no./cases	4th Qtr.	7,519	−2.3	9.5
Payments	thous. $	Yr. to 4th Qtr.	15,535	......	0.0

[1] Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS					
STATE					
Total Deposits	mil. $	February	7,453.1	2.0	12.5
Debits To Demand Deposits	mil. $	February	16,761.3	......	11.4
OAHU					
Total Deposits	mil. $	February	6,172.0	1.7	13.5
Debits To Demand Deposits	mil. $	February	15,170.2	......	11.0
MAUI COUNTY					
Total Deposits	mil. $	February	486.1	1.6	9.0
Debits To Demand Deposits	mil. $	February	702.7	......	15.1
HAWAII					
Total Deposits	mil. $	February	533.7	3.8	7.0
Debits To Demand Deposits	mil. $	February	617.7	......	10.8
KAUAI					
Total Deposits	mil. $	February	261.3	4.3	8.8
Debits To Demand Deposits	mil. $	February	270.7	......	26.3
BANK LOANS OUTSTANDING—STATE	mil. $	4th Qtr.	4,615.0	3.2	9.8
Real Estate	mil. $	4th Qtr.	1,881.3	3.6	11.7
Consumer	mil. $	4th Qtr.	1,054.9	4.6	11.7
Commercial & Industrial	mil. $	4th Qtr.	1,338.0	3.3	8.0
Other	mil. $	4th Qtr.	340.8	−3.5	1.8
CONVENTIONAL HOME MORTGAGE					
RATES: HONOLULU					
SAVINGS & LOAN ASSOCIATIONS	percent	December	11.3	−2.6	−11.7
TOTAL DEPOSITS	mil. $	January	3,160.2	−12.2	−18.6
TOTAL LOANS	mil. $	January	62.5	−33.0	NA
MORTGAGE LOANS	mil. $	January	51.3	−34.0	−10.5
TAX COLLECTIONS[2]					
STATE	thous. $	Jan.-Mar.	384,474	34.7	10.9
Oahu	thous. $	Jan.-Mar.	330,452	35.1	10.2
Maui County	thous. $	Jan.-Mar.	22,705	28.6	10.2
Hawaii	thous. $	Jan.-Mar.	21,428	32.0	13.4
Kauai	thous. $	Jan.-Mar.	9,961	43.3	32.3

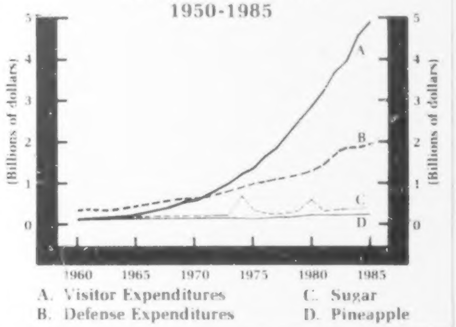
[1] Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[2] Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

went over the half-million mark. In addition, using advanced bookings as a gauge of future activity, this summer should see a dramatic influx of visitors.

All in all, the picture for tourism in 1986 looks very bright. Part of the improved performance will be due to comparison with strike-depressed numbers of 1985. But, a good portion of the gains will be real; that is, due to actual gains in the travel market.

What happens in tourism is crucial, since it is the driving force in Hawaii's economy. As seen in Figure 3, over the decades, tourism was the major growth industry, outpacing other sectors such as defense and agriculture. In 1985, visitor spending increased to the point where it was almost double the combined totals of Hawaii's other three major economic activities.

Figure 3
MAJOR EXPORT INDUSTRIES
STATE OF HAWAII
1950-1985



Tourists spent almost $5 billion here during 1985. That represents almost 30 percent of the Gross State Product (GSP). In addition, visitor expenditures do not remain only in that industry. Rather, they are re-spent by residents, so that the dollars ripple through almost all sectors of the economy, generating growth in other business areas. When the full impact of tourism is considered, adding the direct and recycled expenditures, the industry comprises well over half of the GSP, and supports one out of every three jobs in the state.

Obviously, the Hawaiian economy relies heavily on this one area, and generally moves in line with tourism's ups and downs. During 1984, when the visitor industry had a great year, most sectors of the economy also had impressive gains. During 1985, when tourism was flat, the various sectors again followed suit.

In 1986, the industry should swing back to strong growth, which should, in turn, stimulate growth in the majority of the state's economic sectors. So, in 1986, the expected rebound in tourism should mean healthy growth for the Hawaiian economy in general.

ECONOMIC INDICATORS

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by the Research Department, First Hawaiian Bank

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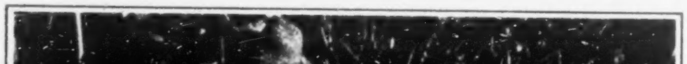

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ECONOMIC INDICATORS

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July/August 1986

Diversified Agriculture in Hawaii

Diversified agriculture is an industry of fundamental importance to Hawaii's economy. This importance is based on a tradition of agricultural practices that date back to the early years of Hawaii's history.

The first major agricultural crops to be developed in Hawaii during the nineteenth century were sugar and pineapple. The dominance of these industries began to decline with the increase in defense spending after the Second World War, and the growth of the visitor industry. These developments created a new urban market for food products as families left sugar and pineapple plantations to move to Honolulu. During that time, fresh vegetables, rice, corn, taro, sweet and Irish potatoes, bananas, avocados, and mangoes were grown in large quantities to supply local markets. The cattle industry, as well as dairying, chicken and egg production, and swine raising also expanded in response to local consumption demands during that period.

Diversified agriculture grew steadily. During the late forties, diversified agricultural crops utilized 12,940 acres of land, and earned about $8 million in terms of farm value of sales. By the mid eighties, 35 years later, diversified agriculture production occupied 42,600 acres of land, and earned $121 million in terms of value of crop sales. Combined with livestock production, diversified agriculture is now a $208 million industry, making it twice the size of the pineapple industry and almost as large as the sugar industry, in terms of wholesale value of sales.

In recent years, diversified agriculture has grown principally in response to the demands of a growing export market. Production for domestic consumption in such crops as vegetables, taro, and rice declined as export crops such as macadamia nuts and papayas saw strong growth to become today's leaders. In addition to flowers and nursery products, these three industries comprised 65 percent of all diversified agricultural crop sales in Hawaii in 1984.

Macadamia nuts were first introduced into Hawaii from Australia before the turn of the century. Commercial production began with 300 acres of planted orchards in 1927. By 1984, the industry covered 16,900 acres of land and produced 18,850 tons of output, valued at $26 million.

Papayas have been grown commercially for a long time. But, it was not until the introduction of the solo variety, with its smaller size and superior taste, that the development of an export industry began. From about 320 acres in 1940, papaya production expanded until it covered 2,590 acres and produced about 40,250 tons of output, valued at $9 million in 1984.

Flowers and nursery products, including anthuriums and potted foliage plants, developed more recently than papayas or macadamia nuts. Horticultural crop sales increased from $2 million to $43 million between 1959 and 1984. Potted plants constitute the largest segment of the industry accounting for $14 million in sales in 1984. Anthuriums are the second largest segment at $7 million, followed by dendrobium orchids, roses, and carnations. Also, a growing market is developing for rooted cuttings, which are shipped to the mainland to be grown as house plants.

Future growth for diversified agricultural crops will most likely continue to concentrate on crops grown for export rather than local consumption. But, growth in Hawaii's export markets will depend on shifting the primary concern from production problems to market development, particularly for Hawaii's lesser known tropical fruits.

The overall picture for diversified agriculture looks promising. Newer crops such as ginger root and guava have grown impressively. The coffee industry has seen a significant turnaround in the last two years. The drying of fruit, such as papayas and bananas, promises to expand demand for off-grade fruit that could be transformed into high-grade dried products. Farmers cooperatives on the Neighbor Islands are developing better growing schedules and distribution arrangements with produce wholesalers. Advances in the irradication of the fruit-fly larvae could boost papaya production and open up whole new areas of growth for exports (see Inside Feature Story).

However, much of diversified agriculture's future will depend on the growing availability of land, water, and capital. Both the land and water issues will be affected by the results of the Land Evaluation and Site Assessment Commission Report and the proposed State Water Code. Programs such as the state agricultural loan program could be expanded, as well as the agricultural park program.

For the export crops, improved marketing and distribution is critical. Examples include increased public and private-sector coordination in market development, product promotion, and distribution systems. One advantage is the strong institutional support for agriculture provided by the University of Hawaii College of Tropical Agriculture, and the State Department of Agriculture.

The challenges to the continued expansion of the industry are formidable. But, the continuing commitment of the state and county governments of Hawaii and the legacy of Hawaii's agricultural tradition speak well for diversified agriculture's continuing contribution to employment and economic development in Hawaii.

FIRST HAWAIIAN BANK
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JULY/AUGUST FEATURE STORY: IRRADIATION AND DIVERSIFIED AGRICULTURE IN HAWAII

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CURRENT BUSINESS TRENDS

Recent statistics suggest 1986 will be a banner year for tourism. The number of visitors staying overnight or longer in May was 451,260, an increase of 28 percent over the same month last year. This large increase is partly due to the effect of the United Airlines strike in 1985 which had a negative impact on the industry last year. But other figures signal 1986 to be a good year for the tourism industry. For example, between January and May, the cumulative number of visitors arriving in the state increased by 11 percent over the same period last year, a performance unmatched since early 1984.

A further indication of the good performance of the tourism industry is the increase in hotel occupancy rates. Hotel occupancy through the first five months of the year increased by 3.5 percent to an average rate of 84 percent in the state. Maui leads all the islands with an average occupancy rate of 88 percent during the same period.

Sugar continues to maintain its strong performance. Between January and April, sugar production increased to 204,000 tons, a 9-percent increase over the same period last year. Sugar prices, on the other hand, suffered a ½ percent decline. Employment in the sugar mills and fields in May 1986 was up 1.4 percent from the previous month.

The pineapple industry's sluggishness continued through May with fresh pineapple shipments equal to 101,600 pounds, a 5-percent decline over the same period last year. Employment in the cannery and pineapple fields in May, however, increased by 8 percent over the previous month bringing the number of workers in the industry back to the May 1985 level.

Diversified agriculture as a whole did relatively well, increasing the number of jobs to 8,000. This gain in the industry's employment represents an increase of 3 percent over the previous month

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	1st Qtr.	4,121 r	1.5	5.2
In 1982 Dollars	bil. $	1st Qtr.	3,624 r	0.9	2.1
PERSONAL INCOME**	bil. $	April	3,447p	1.2	4.8
INTEREST RATES					
AVERAGE PRIME RATE	percent	May	8.50	−3.7	−17.6
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	April	356.7p	0.8	4.3
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	March	372.4	0.1[1]	2.0
Apts. Hotels, Office Bldgs	1967 = 100	March	370.4	0.1[1]	1.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	April	108,892	0.1	1.9
UNEMPLOYMENT*	thous.	April	8,342	−0.9	−0.5
UNEMPLOYMENT RATE*	percent	April	7.0	−1.4	−2.8
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	May	321.4	0.3	1.1
All Urban Consumers	1967 = 100	May	326.3	0.3	1.6
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	April	286.8	−0.6	−2.3
All Commodities	1967 = 100	April	297.9	−0.8	−3.7

p = preliminary.
r = Revised figure.
[1] Compared to January, 1986.
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Apr.	8,844.9	......	4.7
Oahu	mil. $	Jan.-Apr.	7,400.0	......	4.6
Maui County	mil. $	Jan.-Apr.	647.5	......	4.5
Hawaii	mil. $	Jan.-Apr.	557.6	......	−2.6
Kauai	mil. $	Jan.-Apr.	239.8	......	34.6
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Apr.	181.0	......	8.0
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Apr.	85.4	......	−9.1
RETAILING	mil. $	Jan.-Apr.	3,245.3	......	7.0
WHOLESALING	mil. $	Jan.-Apr.	2,114.7	......	−1.6
SERVICES	mil. $	Jan.-Apr.	2,144.5	......	3.2
OAHU NEW CAR SALES	number	Jan.-May	14,070p	......	−13.1
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	June	306.5	0.2[1]	2.0
All Urban Consumers	1967 = 100	June	299.2	−0.3[1]	1.9
TOURISM					
VISITOR EXPENDITURES	mil. $	1985	4,900p	......	6.9
OVERNIGHT OR LONGER VISITORS	number	May	451,260p	−0.1	28.4
	number	Jan.-May	2,289,970p	......	11.3
Westbound	number	May	349,460p	−0.8	34.1
	number	Jan.-May	1,790,130p	......	12.8
Eastbound	number	May	101,800p	2.2	12.0
	number	Jan.-May	499,840p	......	6.1
AVERAGE DAILY VISITOR CENSUS	number	Jan.-May	120,600p	......	11.4
AVERAGE LENGTH OF STAY	no. of days	Jan.-May	10.3p	......	0.0
MEETING ATTENDANCE	number	Jan.-Feb.	39,453	......	−24.7
ORGANIZED GROUP TOURS	number	Jan.-May	396,010p	......	1.9
VISITOR COUNT BY COUNTY[2]					
Oahu	number	May	253,340p	0.9	27.0
	number	Jan.-May	1,290,100p	......	9.3
Maui County	number	May	163,680p	−5.6	26.9
	number	Jan.-May	851,150p	......	4.9
Hawaii	number	May	59,880p	−9.1	36.3
	number	Jan.-May	339,970p	......	11.2
Kauai	number	May	86,640p	1.2	36.8
	number	Jan.-May	419,190p	......	17.9

p = preliminary.
[1] Compared to April, 1986.
[2] Estimated Westbound.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS					
STATE	number	Feb., 1986	66,308	......	0.6
Oahu	number	Feb., 1986	39,010	......	1.1
Waikiki	number	Feb., 1986	34,650	......	2.3
Maui (Island)	number	Feb., 1986	13,451	......	−0.5
Molokai	number	Feb., 1986	635	......	1.3
Lanai	number	Feb., 1986	10	......	0.0
Hawaii	number	Feb., 1986	7,280	......	−3.1
Kauai	number	Feb., 1986	5,922	......	4.7
HOTEL OCCUPANCY					
STATE	percent	May	77.5	−4.0	15.0
		Jan.-May	83.6	......	3.5
Oahu	percent	May	79.9	−3.0	13.0
		Jan.-May	86.2	......	2.0
Maui (Island)	percent	May	83.5	−7.4	11.6
		Jan.-May	87.5	......	2.9
Hawaii	percent	May	55.6	−8.4	20.1
		Jan.-May	66.7	......	4.1
Kauai	percent	May	80.1	4.8	32.4
		Jan.-May	82.0	......	14.0
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	1st Qtr.	437.6	......	−9.8
Military Payroll	mil. $	1st Qtr.	164.1	......	−24.4
Civilian Payroll	mil. $	1st Qtr.	143.9	......	1.9
Local Purchases	mil. $	1st Qtr.	129.6	......	2.3
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1984	256.2	......	−4.0
SUGAR PRODUCTION	thous. tons	Jan.-Apr.	204.0	......	9.1
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-May	414.2p	......	−0.5
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1985	90.2	......	0.3
SHIPMENTS: FRESH	thous. lbs.	Jan.-May	101.6	......	−5.2
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1984	120,756	......	5.3
FLOWERS & NURSERY PRODUCTS	thous. $	1984	42,905	......	18.6
Anthurium Outshipments[1]	th. dozens	Jan.-Apr.	484.8	......	17.5
Potted Foliage Plants	thous. $	1984	14,050	......	29.7
FRUITS & NUTS	thous. $	1984	39,749	......	3.2
Papaya Sales	th. lbs.	Jan.-May	20,655	......	−0.6
Average Farm Price	cents/lb.	May	21.0	5.0	−0.9
Macadamia Nut Sales (in shell)	th. lbs.	1985	37,000	......	−1.9
Average Farm Price	cents/lb.	1985	70.0	......	1.2
VEGETABLES AND MELONS[2]	th. lbs.	Jan.-May	26,820p	......	−1.1
LIVESTOCK	thous. $	1984	87,025	......	0.6
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Apr.	11,330	......	10.0
Average Farm Price (Feedlot Beef)	cents/lb.	April	80.0	2.6	−8.6
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Apr.	1,982	......	−1.3
Average Farm Price	cents/lb.	April	103.5	−2.4	−0.5
MILK PRODUCTION	mil. lbs.	Jan.-Apr.	52.9	......	10.2
Average Price Sold to Plants	$/100 lbs.	April	19.61	−2.9	−3.1
EGG PRODUCTION	mil.	Jan.-Apr.	76.8	......	8.2
Average Farm Price	cents/doz.	April	80.0	0.0	−5.9
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-May	2,979.7	......	5.9
GAS SALES	th. therms.	Jan.-May	20,609	......	−1.5
TELEPHONE LINES IN SERVICE	thous.	Jan.-May	468.9	......	2.0

p = preliminary.

[1] *From Hawaii County.*

[2] *Includes snap beans, cabbage, celery, sweet corn, cucumbers, lettuce, onions, green peppers, tomatoes, and watermelons.*

and 10 percent over the same month last year. Anthurium outshipments increased by over 17 percent through April with a total of 484,000 dozens being exported. Both papaya sales and the average farm price of papayas declined less than 1 percent. Vegetable and melons experienced a slight decline of about 1 percent from 24,107 thousand pounds during January through May 1985 to 26,820 thousand pounds in the first five months of 1986.

Livestock did well through the first four months of 1986. During the period between January and April, beef production amounted to 11,330,000 dressed weight pounds, an increase of 10 percent from the same four-month period in 1985. Hog farmers fared less well, experiencing a slight decline of 1.3 percent in production and a decline in the average farm price of less than 1 percent, as well. Milk producers did well with a 10-percent increase in milk production to 53 million pounds of milk at an average price of $20 per hundred pounds, a 3-percent decline in price from the previous year. The egg industry also did well increasing their production to 76.8 million eggs, an increase of 8 percent. The average farm price of eggs, however, declined to 80 cents per dozen, a decline of almost 6 percent over the preceding year.

The low interest rates being offered in the economy has led to a burst in housing resales and the construction market. Resale of single-family units increased by 18 percent and condominiums by 14 percent in the state. The largest increase in the number of resales occurred in Kauai with the number of single-family resales increasing by 126 percent over the previous year and the number of condominium unit resales increasing by 84 percent. Real estate resales increased on all other islands as well.

Construction-put-in-place was also stimulated by the decline in the cost of credit. In the state, construction-put-in-place through the month of April increased by almost 50 percent over the previous period last year. Again, the largest gain occurred in Kauai which increased by 73 percent.

The economic upswing of 1986 is evident by the improvement in the employment statistics. In the state, the unemployment rate declined from 5.9 percent in April to 5 percent in May. Within each county, the percent of labor force unemployed declined, but Oahu with 4.5 percent of its labor force unemployed boasted the lowest unemployment rate during the month of May. The Big Island recorded the highest level of unemployment with an unemployment rate of 8.1 percent.

IRRADIATION AND DIVERSIFIED AGRICULTURE IN HAWAII

Diversified agriculture in general and the papaya industry in particular have suffered numerous setbacks in recent years. Their problems began with the crop devastation caused by the phytophthora fungus. Then Hurricane Iwa struck in 1982. Many papaya growers, ruined by the storm, spent most of 1983 replanting their trees. The result was a bumper crop in 1984 that flooded the market, driving the price of papaya down to 13 cents per pound, compared to the 15 cents per pound it cost farmers to produce papaya. The lower papaya prices, in turn, discouraged further planting. As a result, papaya production in 1985 declined by 28 percent from the 1984 level of 67 million pounds.

Problems in the eradication of fruit-fly larvae infestation have also added to the difficulties of the industry. In September 1984, the federal government banned the use of the fumigant ethylene dibromide (EDB) for the treatment of fruit before shipment to the mainland following a major med-fly epidemic in California. Since then, several alternatives were explored to meet federal quarantine requirements, including: the hot treatment/cold storage process for papaya shipped by surface, the double-dip process, the vapor-heat process, the annihilation of male flies, the release of sterile insects, genetic modification of fruit flies, aerial spraying of insecticides, and irradiation.

The "double-dip" treatment was the first alternative receiving wide application. Papayas are immersed in 108-degree water for 40 minutes, followed by a 20-minute dip in 120-degree water. This method requires that papayas are harvested when they are less than one-quarter ripe, and consequently, more frequent trips to the field by the farmer to prevent the fruit from getting too ripe on the tree. With this method the fruit often becomes lumpy or hard. Some of the papayas sent to the Mainland failed to ripen after the treatment. As a result, sales plummeted. The industry then requested permission from the federal government to shorten the length of the dips. A less severe hot-water dipping method was recently approved by the U.S. Department of Agriculture (U.S.D.A.), where the length of the first dip was reduced from 40 to 30 minutes.

Like "double-dipping," the vapor heat treatment is a nonchemical process currently used to kill fruit-fly larvae. This process was developed in response to a ban on EDB treatment for fruit exported to Japan. Fruits are first subjected

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-Apr.	577,949	......	49.4
Oahu	thous. $	Jan.-Apr.	504,625	......	53.6
Maui County	thous. $	Jan.-Apr.	29,902	......	38.0
Hawaii	thous. $	Jan.-Apr.	29,740	......	3.3
Kauai	thous. $	Jan.-Apr.	13,682	......	72.8
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	June	368.9	0.6	3.5
HIGH-RISE	1967 = 100	June	385.6	0.1	3.4
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	January	57,805	......	75.9
Single Family Units	number	January	267	......	14.6
Multiple Family Units	number	January	492	......	154.9
NONRESIDENTIAL	thous. $	January	53,941	......	136.1
OAHU: RESIDENTIAL	thous. $	Jan.-May	143,548	......	11.4
Single Family Units	number	Jan.-May	638	......	−17.8
Multiple Family Units	number	Jan.-May	1,435	......	29.4
NONRESIDENTIAL	thous. $	Jan.-May	76,690	......	60.5
MAUI CO: RESIDENTIAL	thous. $	January	6,801	......	99.0
Single Family Units	number	January	66	......	69.2
Multiple Family Units	number	January	16	......	77.8
NONRESIDENTIAL	thous. $	January	3,302	......	134.5
HAWAII: RESIDENTIAL	thous. $	Jan.-May	26,472	......	−40.6
Single Family Units	number	Jan.-May	444	......	10.4
Multiple Family Units	number	Jan.-May	8	......	−94.0
NONRESIDENTIAL	thous. $	Jan.-May	44,534	......	188.1
KAUAI: RESIDENTIAL	thous. $	Jan.-May	14,579	......	−18.7
Single Family Units	number	Jan.-May	153	......	1.3
Multiple Family Units	number	Jan.-May	0	......	−100.0
NONRESIDENTIAL	thous. $	Jan.-May	37,614	......	646.6
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-May	154,694	......	63.3
Oahu	thous. $	Jan.-May	112,737	......	81.4
Maui County	thous. $	Jan.-May	24,717	......	19.2
Hawaii	thous. $	Jan.-May	12,677	......	169.4
Kauai	thous. $	Jan.-May	4,565	......	−36.1
BY LEVEL OF GOVERNMENT					
Federal	thous. $	Jan.-May	21,937	......	−1.7
State	thous. $	Jan.-May	80,417	......	152.9
County	thous. $	Jan.-May	52,340	......	28.8
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-May	1,125	......	17.6
Average Price	dollars	Jan.-May	178,462	......	7.9
Condominium	number	Jan.-May	1,474	......	14.4
Average Price	dollars	Jan.-May	110,791	......	6.5
OAHU: Single Family	number	Jan.-May	744	......	6.0
Average Price	dollars	Jan.-May	204,650	......	13.1
Condominium	number	Jan.-May	1,114	......	6.7
Average Price	dollars	Jan.-May	103,831	......	5.4
MAUI CO: Single Family	number	Jan.-May	140	......	37.3
Average Price	dollars	Jan.-May	162,181	......	5.8
Condominium	number	Jan.-May	250	......	47.9
Average Price	dollars	Jan.-May	149,559	......	8.9
HAWAII: Single Family	number	Jan.-May	189	......	45.4
Average Price	dollars	Jan.-May	96,141	......	3.5
Condominium	number	Jan.-May	51	......	18.6
Average Price	dollars	Jan.-May	81,720	......	−9.7
KAUAI: Single Family	number	Jan.-May	52	......	126.1
Average Price	dollars	Jan.-May	146,804	......	−4.2
Condominium	number	Jan.-May	59	......	84.4
Average Price	dollars	Jan.-May	103,055	......	−17.4

p = preliminary.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1985	1,149.9p	......	0.9
Total Resident Population	thous.	July 1, 1985	1,053.9p	......	1.6
OAHU:					
Total De Facto Population	thous.	July 1, 1984	859.8	......	1.5
Total Resident Population	thous.	July 1, 1985	809.9p	......	0.6
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1984	114.5	......	10.3
Total Resident Population	thous.	July 1, 1985	86.7p	......	4.3
HAWAII:					
Total De Facto Population	thous.	July 1, 1984	112.5	......	1.7
Total Resident Population	thous.	July 1, 1985	111.0p	......	4.3
KAUAI:					
Total De Facto Population	thous.	July 1, 1984	54.4	......	7.3
Total Resident Population	thous.	July 1, 1985	46.4p	......	5.5
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1985	997.5p	......	1.8
MILITARY PERSONNEL:					
STATE	number	July 1, 1985	58,005p	......	−4.6
Ashore	number	July 1, 1985	53,848p	......	−4.4
Afloat	number	July 1, 1985	4,157p	......	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1985	64,281p	......	−4.2
FOREIGN IMMIGRATION[1]	number	Jan.-June	2,408	......	6.6

p = preliminary.

[1] Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	4th Qtr. 1985	14,582	1.7	5.5
EMPLOYMENT INCOME[1]	mil. $	4th Qtr. 1985	10,697	2.2	7.3
Manufacturing	mil. $	4th Qtr. 1985	499	4.4	6.6
Construction & Mining	mil. $	4th Qtr. 1985	604	2.5	41.5
Wholesale	mil. $	4th Qtr. 1985	463	1.3	10.0
Retail	mil. $	4th Qtr. 1985	1,182	0.3	3.0
Finance, Ins., & Real Estate	mil. $	4th Qtr. 1985	705	2.3	5.1
Trans., Comm., & Util.	mil. $	4th Qtr. 1985	953	2.9	5.8
Services	mil. $	4th Qtr. 1985	2,487	2.9	9.1
Farm & Other	mil. $	4th Qtr. 1985	336	7.3	−2.9
Federal Civilian	mil. $	4th Qtr. 1985	959	0.1	2.8
Federal Military	mil. $	4th Qtr. 1985	1,329	4.3	8.0
State & Local	mil. $	4th Qtr. 1985	1,181	−0.1	3.4
PROPERTY INCOME					
(Dividends, Interest, & Rent)	mil. $	4th Qtr. 1985	2,711	0.7	1.2
TRANSFER PAYMENTS					
(1,906) minus Personal Contributions for Social Insurance (732)	mil. $	4th Qtr. 1985	1,174	−1.2	−0.4
PER CAPITA PERSONAL INCOME					
STATE	dollars	1984	13,042	......	5.6
Oahu	dollars	1984	13,709	......	5.7
Maui County	dollars	1984	11,611	......	5.9
Hawaii	dollars	1984	9,998	......	5.2
Kauai	dollars	1984	10,564	......	6.9

***Total personal income and all components are seasonally adjusted at annual rates.*

[1] Includes wage and salary disbursements, proprietors' income, and other labor income.

p = preliminary.

AWAIIAN BANK

to warm-water steam, and then cooled down with a cool-water shower. The complete process takes about six hours. According to the *Pacific Business News*, the Diamond Head Papaya Company has spent approximately $1.7 million in the construction and testing of its vapor-heat facility on the Big Island. Once in operation, the plant can process about one million pounds of papayas a month.

The male-fly annihilation method involves the killing of male flies with a toxicant-lure bait. The lures are synthetic female pheromones (sexual hormones), which are extremely attractive to the male flies. The lures are mixed with the toxicant malathion or dibrom (naled), which kills the fly instantly on contact. As the male flies are gradually killed, matings are reduced, leading to a decline in the fruit-fly population. This method has the advantage of reducing accidental poisoning of other species. However, only one lure has enjoyed success as an attracting agent.

The sterile-insect release method (SIRM) involves the repeated release of sterile male fruit flies, in massive quantities, to compete with the wild male population for mates. Females who mate with sterile males will not reproduce, thereby reducing the fruit-fly population. Success has been limited, however, mainly because laboratory-sterilized males are not as aggressive in breeding as their wild male counterparts. This method involves no use of pesticides; although, to make the method effective, malathion sprays are often used to reduce the fruit-fly population prior to large sterile male releases.

Through its genetic research, scientists from the Hawaii Biotechnology Group (HBG) have recently discovered a mutant Mediterranean fruit fly that might hold the key to the complete eradication of the Med-fly population. The approach involves mutating female flies in such a way that, given a particular food additive, it will act as a poison and kill them. HBG scientists are optimistic that the technique will be perfected within the next few months, followed shortly by field tests. Commercial application of the technique is projected for early 1989.

Of all the alternatives, the federal tri-fly eradication proposal is the most controversial. In response to pressures from agricultural interests from mainland states such as California and Texas, the U.S. Department of Agriculture proposed to eradicate the three strains of fruit flies found in Hawaii by aerial spraying of insecticides, chiefly malathion. The reported motive behind this tri-fly eradication program was not so much to help Hawaii's diversified agriculture, but rather, to protect California's $13 billion agricultural industry from Hawaii's fruit flies.

While Hawaii stands to benefit from the eradication of the flies, the aerial spraying strategy has drawn criticism from Hawaii residents, state agencies, and the Environmental Protection Agency (EPA). The state Department of Agriculture has firmly opposed the plan for two reasons. First, the economics don't make sense. The plan would reportedly cost at least $86 million, and could reach as high as $167 million. The industries affected by fruit flies (pineapple and sugar are not affected) generate only about $8 million in revenues. Second, blanket aerial spraying of pesticides would indiscriminately endanger indigenous species of insects and birds. The EPA also objected strongly to the aerial spraying plan for the following reasons: First, the use of the pesticides malathion, diazinon and naled is illegal since they are not registered for such applications. Second, aerial spraying might leave pesticide residue in food crops such as lichee, breadfruit, bananas, and sugarcane. Third, surface, well, and coastal water might be contaminated by aerial spraying. The EPA also questioned the effectiveness of aerial spraying. Unlike California, Hawaii has deep valleys and ridges that are out of reach to aerial spraying of insecticides. As a result, pockets of fruit flies would survive, reducing the effectiveness of aerial spraying.

Concern about the health and environmental hazards of pesticide use prompted researchers to continue their search for a permanent solution to the fruit-fly infestation problem. The answer may be found in the irradiation method recently approved by the U.S. Food and Drug Administration. The technique has been used commercially in more than 20 countries for several years. The Dutch, for example, irradiate their cocoa, shrimp, and frog legs. Japan uses irradiation to treat potatoes to prevent them from sprouting. South Africa employs the technique on mangoes to delay ripening and control mould. Food irradiation is also used in Canada, Great Britain, the Soviet Union, the Netherlands, and a number of other countries.

In the U.S., the use of irradiation has been limited. But, the process is hardly new. For years, American astronauts traveling in space have consumed foods preserved by nuclear radiation. Irradiation of wheat products, has been approved by the U.S. Food and Drug Administration (FDA) since 1964. Since then, the process has been authorized

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
EMPLOYMENT					
STATE					
Civilian Labor Force	thous.	May	499.0p	−0.5	3.1
Employment	thous.	May	473.9p	0.3	3.1
Unemployment	thous.	May	25.1p	−14.8	3.7
Unemployment Rate	percent	May	5.0p	−15.3	0.0
OAHU					
Civilian Labor Force	thous.	May	375.7p	−0.6	1.8
Employment	thous.	May	358.9p	0.1	1.9
Unemployment	thous.	May	16.8p	−14.3	−0.3
Unemployment Rate	percent	May	4.5p	−13.5	−2.2
MAUI COUNTY					
Civilian Labor Force	thous.	May	47.7p	−0.1	6.0
Employment	thous.	May	45.1p	1.1	5.6
Unemployment	thous.	May	2.6p	−19.0	13.3
Unemployment Rate	percent	May	5.3p	−19.7	6.0
HAWAII					
Civilian Labor Force	thous.	May	52.6p	−0.5	9.8
Employment	thous.	May	48.3p	0.9	9.5
Unemployment	thous.	May	4.3p	−14.0	13.2
Unemployment Rate	percent	May	8.1p	−14.7	1.2
KAUAI					
Civilian Labor Force	thous.	May	23.1p	−0.4	4.3
Employment	thous.	May	21.6p	0.5	3.6
Unemployment	thous.	May	1.5p	−14.3	15.4
Unemployment Rate	percent	May	6.4p	−13.5	6.7
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	May	477.7p	0[illegible]	3.6
SUGAR (Mill and Field)	thous.	May	7.4p	1.4	−1.3
PINEAPPLE (Cannery and Field)	thous.	May	4.1p	7.9	0.0
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	May	16.6p	−0.3	6.1
Durable Goods	thous.	May	3.4p	−2.9	17.2
Non-Durable Goods	thous.	May	13.2p	−0.4	3.5
Apparel and Textiles	thous.	May	3.5p	0.0	12.9
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	May	8.0p	3.2	10.4
CONTRACT CONSTRUCTION	thous.	May	16.7p	3.7	−10.2
TRANSPORTATION	thous.	May	24.5p	0.4	9.4
COMMUNICATION	thous.	May	7.1p	−1.4	−4.1
UTILITIES	thous.	May	2.5p	0.0	0.0
RETAIL TRADE	thous.	May	96.7p	−0.3	3.2
WHOLESALE TRADE	thous.	May	19.7p	−0.3	2.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	May	32.5p	−0.3	0.9
HOTEL SERVICES—STATE	thous.	May	28.0p	−0.2	−3.1
Oahu	thous.	May	16.3p	−0.3	1.6
Maui County	thous.	May	6.0p	0.8	−11.2
Hawaii	thous.	May	3.5p	−1.4	−10.4
Kauai	thous.	May	2.3p	0.0	0.0
OTHER SERVICES	thous.	May	84.7p	0.1	4.3
FEDERAL GOVERNMENT	thous.	May	32.0p	−0.3	−1.8
Civilian Agencies	thous.	May	11.6p	0.9	−0.9
Defense Department	thous.	May	20.5p	−0.5	−1.9
STATE GOVERNMENT	thous.	May	50.9p	0.6	2.4
COUNTY GOVERNMENT	thous.	May	12.7p	0.8	0.8
NON-AGRICULTURE SELF-EMPLOYED	thous.	May	34.0p	−1.7	31.3
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	May	8,554	−13.4	−12.5
INTRASTATE INITIAL CLAIMS	number	May	4,840	−25.2	−23.6
INTERSTATE INITIAL CLAIMS	number	May	307	−11.3	2.3
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	May	4,835	−10.0	−6.5

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	 year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	May	55,162	−0.4	−6.6
Payments	thous. $	Jan.-May	38,877	......	−5.6
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	May	51,079	11.9	−1.1
Payments	thous. $	Jan.-May	62,207	......	−16.8
FOOD STAMPS:					
Recipients[1]	no./persons	April	92,050	0.5	−7.0
Payments	thous. $	Jan.-Apr.	29,860	......	−4.5
SERVICES:					
Recipients[1]	no./cases	1st Qtr.	7,795	3.7	12.5
Payments	thous. $	1st Qtr.	4,246	......	19.1

[1] *Count of recipients is duplicated. A person may be counted in each category.*

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	April	7,577.9	0.2	12.7
Debits To Demand Deposits	mil. $	April	9,208.4	15.3	10.0
OAHU:					
Total Deposits	mil. $	April	6,303.4	0.8	13.9
Debits To Demand Deposits	mil. $	April	8,310.5	15.3	9.7
MAUI COUNTY:					
Total Deposits	mil. $	April	488.4	−1.5	8.7
Debits To Demand Deposits	mil. $	April	387.9	18.9	9.5
HAWAII:					
Total Deposits	mil. $	April	526.2	−5.3	5.7
Debits To Demand Deposits	mil. $	April	354.5	14.9	11.2
KAUAI:					
Total Deposits	mil. $	April	260.0	−0.6	7.7
Debits To Demand Deposits	mil. $	April	155.5	9.7	22.1
BANK LOANS OUTSTANDING—STATE:	mil. $	1st Qtr.	4,719.7	2.3	10.8
Real Estate	mil. $	1st Qtr.	1,896.8	0.8	12.1
Consumer	mil. $	1st Qtr.	1,044.1	−1.0	5.8
Commercial & Industrial	mil. $	1st Qtr.	1,361.6	1.8	6.8
Other	mil. $	1st Qtr.	417.2	22.4	36.7
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU					
SAVINGS & LOAN ASSOCIATIONS:[1]	percent	May	10.0	−2.0	−22.5
TOTAL DEPOSITS	mil. $	April	3,546.6	−1.7	−1.4
TOTAL LOANS	mil. $	April	95.6	44.4	NA
MORTGAGE LOANS	mil. $	April	82.0	49.4	63.0
TAX COLLECTIONS:[2]					
STATE	thous. $	May	147,788	6.4	19.2
Oahu	thous. $	May	126,802	4.3	17.4
Maui County	thous. $	May	11,101	82.2	57.5
Hawaii	thous. $	May	6,824	−4.0	−6.5
Kauai	thous. $	May	3,052	−26.0	79.2

[1] *Includes Hawaii and Guam. Reporting categories changed in July, 1985.*

[2] *Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.*

for use on potatoes and more than 60 spices and seasonings to prevent infestation. Last summer, the FDA approved the use of irradiation to kill trichinella bacteria in fresh pork. Recently, in April, irradiation was permitted for treating produce. The FDA allows up to 100 kilorads of radiation to kill insects on fruits and vegetables, and to inhibit the spoilage of fresh produce. At the same time, the FDA increased the amount of radiation that can be used on dried herbs and spices from 10 to 30 kilorads.

Unquestionably, safety is the paramount concern with food irradiation. However, at the low radiation levels approved by the FDA, many experts believe that the process is reasonably safe for consumers. In particular, there is a fear that irradiation could catalyze chemical reactions that lead to the formation of carcinogens in the human body. But, thorough experiments, including the feeding of irradiated foods to animals, have failed to find any such cancer-causing reactions. Similar conclusions, supporting the safety of the irradiation process have been reached by such organizations as the World Health Organization, the Food and Agriculture Organization and the International Atomic Energy Agency of the United Nations.

Irradiation does have some disadvantages. Studies have shown that radiation reduces vitamins in irradiated foods. Taste could also suffer. But, these are small sacrifices compared with the much greater benefits that irradiation offers. Appropriate doses of irradiation can delay food ripening, reduce spoilage, prevent sprouting (e.g. in onions and potatoes) and kill worms, insects, and infectious microbes. Unlike pesticides, irradiation leaves no residues, and insects cannot develop a resistance to it. These advantages imply a significant increase in the quantity and quality of the nation's food supply.

In Hawaii, irradiation technology can open the door to a tremendous expansion in diversified agriculture. For the papaya industry, irradiation would cost less than the "double-dip" method and eliminate the disadvantages of early harvesting and lumpy fruit. Irradiation could also open export markets for other fruits such as mangoes, avocado, guava, lichee, breadfruit, and taro. Up to now, these fruits could not be exported because they could not be fumigated. Finally, there is the potential for an expanded market for processed seafood products from Hawaii since irradiation can extend shelf life to three weeks, and thus allow increased exports to Japan and the Mainland.

ECONOMIC INDICATORS

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ECONOMIC INDICATORS

Research Department, First Hawaiian Bank **September/October 1986**

Alternate Energy in Hawaii

The dramatic decline of oil prices in the first half of 1986 was welcome news for the Hawaiian economy. But the drop also poses a challenge to energy self-sufficiency in Hawaii because of its potentially negative impact on the development of alternate energy sources.

The oil shocks of the 1970s, and the subsequent increase in world oil prices, significantly increased the importance of energy self-sufficiency in Hawaii. The result was the development of commercially feasible renewable energy enterprises at both the public and private levels. Examples are as follows:

Biomass conversion, in which organic material is burned to produce electricity, provided 9 percent of all electricity generated in the state in 1985. Biomass is a major energy source on the neighbor islands, providing 39 percent of total electricity produced on Hawaii, 23 percent on Maui, and 40 percent on Kauai. On Oahu, only a minimal amount of power is provided by this source, but H-POWER, a refuse-to-energy project proposed by the Honolulu City Council, may provide up to 7 percent of Oahu's electrical needs by year 2000. Similar projects are being proposed on Kauai and Maui.

Hydropower, electricity produced by falling water, provides 1 percent of total state electricity produced. On Hawaii, 5 percent of Hawaiian Electric Light Co.'s (HELCO) electrical energy is provided by hydropower. However, on Kauai, 15 percent of the electrical energy is produced from seven hydro plants and three commercial hydro systems are awaiting county approval. Approval of a 3-megawatt plant above Keanae on Maui is pending.

Windpower, electricity generated by harnessing the forces of the wind, provided only 0.2 percent of the electricity produced in the state, but the potential for windpower is considerable. Hawaii, which has some of the best wind regimes in the world, has about 600 power generating windmills. On Oahu, the Kahuku wind farm is one of the largest farms of medium-sized wind turbines in the U.S. On the Big Isle, two commercial wind turbine operators and single wind generators provided 2 percent of total electricity generated. A 20-megawatt windfarm in South Point, Hawaii, and a 10-megawatt windfarm in central Maui are in the planning stages.

Geothermal power is generated when super-heated groundwater under intense pressure is brought to the surface where the pressure is reduced and is allowed to "flash" into steam. It is presently available only on the Big Isle where 3 percent of the electricity produced is derived from this source. Recent contracts by HELCO with commercial geothermal power firms indicate further development of this energy resource in the near future. Maui has a geothermal subzone located on Haleakala's slope, but has yet to establish guidelines for geothermal development.

Ocean thermal energy conversion (OTEC), a process that utilizes the temperature differences between the depths of the ocean to produce electricity, remains in the research stage, but a commercial 50-megawatt OTEC plant at Kahe Point on Oahu is being considered.

The use of solar energy to produce electricity directly has not been fully developed. On Molokai an installation using the sun's rays to generate electricity is under construction. However, solar water heaters have become increasingly common. In 1985, an estimated 39,000 households, representing almost 12 percent of total households, had solar water heating systems.

These alternate energy sources provide about 11 percent of the electrical energy needs of the state. Forecasts of energy self-sufficiency are bright, but the drop in oil prices casts a shadow over the future of this statewide goal.

Energy produced by these sources are purchased by the utility companies at rates based on "avoided cost"; that is, the amount the utility companies would have to pay for oil to produce an equivalent amount of energy. Hence, as the price of oil falls, the price paid to the alternate energy producers declines, and the alternate energy source is no longer profitable. The problem is exacerbated by the recent withdrawal of state and federal energy tax credits.

However, despite the reduced returns on alternate energy projects, interest in energy self-sufficiency remains high. The recent award by the federal government of $1.4 million for advanced OTEC research, co-sponsored with Japan, and $10.2 million for a MOD-5B wind turbine, the federal and state funding of $27 million for a feasibility study of an underwater cable to transmit electricity from the Big Isle to Oahu, and the many county energy projects currently underway indicate a recognition of the need for energy self-sufficiency and the continuing emphasis on its development by all levels of government.

The viability of alternate energy in Hawaii is cushioned somewhat from the oil price drop because of the cost involved in transporting the seaborne fuels. The potential viability of alternate energy in Hawaii is also supported by the private sector's continued interest in geothermal development in Hawaii and Maui, hydropower in Maui and Kauai, and windpower in Hawaii, Oahu, and Molokai.

Thus, it remains encouraging that Hawaii's government and businesses are looking beyond the current low-cost oil situation, and remain committed to a diversified energy base in Hawaii as a long-run economic goal.

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SEPTEMBER/OCTOBER FEATURE STORY: THE LONG-TERM SURVIVAL OF HAWAII'S SUGAR INDUSTRY

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CURRENT BUSINESS TRENDS

Hawaii's real estate market is experiencing a surge of activity in 1986. Spurred on by low interest rates and the new tax reform laws, resales of single-family units and condominiums increased for all islands through the first seven months of the year. The most dramatic gains occurred on Kauai where housing resales increased by 105 percent for single-family units and 94 percent for condominiums. With the exception of condominiums on Hawaii and Kauai, prices of housing units increased on all islands.

The construction industry is also benefitting from the low cost of credit. Construction-put-in-place through the first six months of the year stood at $877 million, a 42-percent increase over the same period last year. Continued activity through the rest of 1986 is indicated by increases in the value of private permits authorized. With the exception of Hawaii and Kauai, the value of permits authorized for residential purposes increased on all islands of the state. On the other hand, the value of private permits authorized for nonresidential facilities increased dramatically for Hawaii and Kauai as a result of the development of the Hyatt Regency Waikoloa and the Westin Kauai.

Tourism continued its healthy pace through July. Visitors staying in Hawaii overnight or longer decreased slightly in July from the previous month. However, on a cumulative basis, 9 percent more visitors visited Hawaii through the first seven months of 1986 compared to the same period last year.

The continuing growth in the visitor industry is also shown by the improvement in hotel occupancies through the first seven months of 1986. The average hotel occupancy rate for the state increased to 82 percent, representing a 4-percent gain over 1985. Oahu, with 86 percent of all its hotel rooms occupied, had the highest occupancy rate among

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	2nd Qtr.	4,180 r	0.7	5.4
In 1982 Dollars	bil. $	2nd Qtr.	3,662 r	0.2	2.6
PERSONAL INCOME**	bil. $	July	3,503p	0.5	5.6
AVERAGE PRIME RATE	percent	August	7.90	−3.2	−16.8
CONSTRUCTION PUT IN PLACE**	bil. $	June	375.1p	0.1	6.3
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	May	373.0	0.2[1]	1.8
Apts., Hotels, Office Bldgs.	1967 = 100	May	371.0	0.2[1]	1.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	July	109,882	0.2	2.8
UNEMPLOYMENT*	thous.	July	8,190	−3.0	−2.5
UNEMPLOYMENT RATE*	percent	July	6.8	−2.9	−5.6
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	July	322.9	.0	1.2
All Urban Consumers	1967 = 100	July	328.7	0.2	1.8
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	July	287.3p	−0.4	−2.4
All Commodities	1967 = 100	July	297.7p	−0.4	−3.7

r = revised.
p = preliminary.
[1] *Compared to March, 1986.*
**Seasonally adjusted.*
***Seasonally adjusted at annual rates.*

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-June	13,183.7	......	5.9
Oahu	mil. $	Jan.-June	11,019.6	......	5.4
Maui County	mil. $	Jan.-June	950.8	......	6.8
Hawaii	mil. $	Jan.-June	843.5	......	3.3
Kauai	mil. $	Jan.-June	369.8	......	27.4
DIVERSIFIED MANUFACTURING	mil. $	Jan.-June	282.7	......	10.4
DIVERSIFIED AGRICULTURE	mil. $	Jan.-June	126.3	......	−6.7
RETAILING	mil. $	Jan.-June	4,858.7	......	7.7
WHOLESALING	mil. $	Jan.-June	3,144.6	......	−0.1
SERVICES	mil. $	Jan.-June	3,210.0	......	6.5
OAHU NEW CAR SALES	number	Jan.-June	18,939p	......	−7.5
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	June	306.5	0.2[1]	2.0
All Urban Consumers	1967 = 100	June	299.2	−0.1[1]	1.9
TOURISM					
VISITOR EXPENDITURES	mil. $	1985	4,884p	......	6.6
OVERNIGHT OR LONGER VISITORS	number	July	494,090p	−2.4	8.7
	number	Jan.-July	3,296,710p	......	14.3
Westbound	number	July	370,030p	−4.8	6.4
	number	Jan.-July	2,548,210p	......	15.8
Eastbound	number	July	124,060p	5.6	16.3
	number	Jan.-July	748,500p	......	9.2
AVERAGE DAILY VISITOR CENSUS	number	Jan.-July	122,590p	......	14.6
AVERAGE LENGTH OF STAY	no. of days	Jan.-July	10.2p	......	−1.0
MEETING ATTENDANCE	number	Jan.-June	120,185	......	−8.6
ORGANIZED GROUP TOURS	number	Jan.-July	532,120	......	1.7
VISITOR COUNT BY COUNTY[2]					
Oahu	number	July	287,910p	−4.9	1.9
	number	Jan.-July	1,882,390p	......	12.2
Maui County	number	July	172,520p	−4.5	4.6
	number	Jan.-July	1,204,240p	......	9.2
Hawaii	number	July	66,400p	3.5	4.4
	number	Jan.-July	470,540p	......	13.3
Kauai	number	July	88,260p	−0.8	15.8
	number	Jan.-July	596,670p	......	21.9

p = preliminary.
[1] *Compared to April, 1986.*
[2] *Estimated Westbound.*

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change	
				preceding period	year ago
VISITOR ACCOMMODATIONS:					
STATE	number	Feb., 1986	66,308	......	0.6
Oahu	number	Feb., 1986	39,010	......	1.1
Waikiki	number	Feb., 1986	34,650	......	2.3
Maui (Island)	number	Feb., 1986	13,451	......	−0.5
Molokai	number	Feb., 1986	635	......	1.3
Lanai	number	Feb., 1986	10	......	0.0
Hawaii	number	Feb., 1986	7,280	......	−3.1
Kauai	number	Feb., 1986	5,922	......	4.7
HOTEL OCCUPANCY:					
STATE	percent	July	79.5	1.8	4.2
		Jan.-July	82.2	......	5.2
Oahu	percent	July	85.3	−1.3	0.5
		Jan.-July	86.1	......	3.4
Maui (Island)	percent	July	82.9	6.4	16.6
		Jan.-July	85.4	......	7.0
Hawaii	percent	July	53.1	3.3	−1.3
		Jan.-July	62.6	......	6.1
Kauai	percent	July	74.5	11.5	12.9
		Jan.-July	78.5	......	14.8
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 2nd Qtr.	908.7	......	−13.1
Military Payroll	mil. $	Yr. to 2nd Qtr.	317.9	......	−26.6
Civilian Payroll	mil. $	Yr. to 2nd Qtr.	309.5	......	−0.1
Local Purchases	mil. $	Yr. to 2nd Qtr.	227.3	......	−25.0
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1985	222.4	......	−13.2
SUGAR PRODUCTION	thous. tons	Jan.-July	579.2	......	2.2
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-July	415.6p	......	−0.8
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1985	90.5	......	0.7
SHIPMENTS: FRESH	thous. lbs.	Jan.-July	140.9	......	−7.5
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1985	132,126	......	12.6
FLOWERS & NURSERY PRODUCTS	thous. $	1985	44,247	......	13.7
Anthurium Outshipments[3]	th. dozens	Jan.-July	968.2	......	19.5
Potted Foliage Plants	thous. $	1985	12,019	......	19.6
FRUITS & NUTS	thous. $	1985	43,244	......	9.7
Papaya Sales	th. lbs.	Jan.-July	28,475	......	−5.7
Average Farm Price	cents/lb.	July	17.0	0.0	−5.6
Macadamia Nut Sales (in shell)	th. lbs.	1985	42,000	......	11.4
Average Farm Price	cents/lb.	1985	72.5	......	4.8
VEGETABLES AND MELONS[4]	th. lbs.	Jan.-July	41,462p	......	1.5
LIVESTOCK	thous. $	1985	82,821	......	−4.8
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-July	19,250	......	−3.0
Average Farm Price (Feedlot Beef)	cents/lb.	July	79.0	3.3	−4.8
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-July	3,578	......	0.6
Average Farm Price	cents/lb.	July	103.0	0.0	0.0
MILK PRODUCTION	mil. lbs.	Jan.-July	93.4	......	10.7
Average Price Sold to Plants	$/100 lbs.	July	19.17	2.2	−4.4
EGG PRODUCTION	mil.	Jan.-July	133.5	......	5.1
Average Farm Price	cents/doz.	July	76.5	−1.3	10.1
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-July	4,237.9	......	5.8
GAS SALES	th. therms.	Jan.-July	28,750	......	−0.5
TELEPHONE LINES IN SERVICE	thous.	July	470.5	......	2.5

p = preliminary.

[3] *From Hawaii County.*

[4] *Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.*

the islands in July.

The sugar industry continues its lumbering pace. Production of sugar through the first seven months of the year is slightly ahead of last year's figure, but the price of sugar continues to be lower than it was in 1985.

Diversified agriculture, in general, performed well in the first seven months of 1986. The number of people employed by the industry increased by 16 percent over the previous year to 8,800 persons. Anthurium outshipments increased to 968,000 dozens during January to July, an increase of 20 percent over the same period of 1985. Vegetables and melons also did well through July, increasing production to 42 million pounds. However, because of a storm that passed the state earlier in the year, output of papayas through the first seven months of 1986 declined 6 percent to 28 million pounds.

The livestock industry continued its sluggish performance. Beef production declined to 19 million pounds through the first seven months of the year, and the average farm price of feedlot beef rose to 79 cents per pound in July from 76 cents per pound in June. Hog farmers fared slightly better with production increasing to 3.6 million pounds and prices remaining stable.

In general, the Hawaiian economy appears to be continuing its steady upward trend. Gross business receipts for the state rose to $13.2 billion through the period January to June 1986. This represents a 6-percent increase over the same period last year. Kauai had the greatest gains with a 27-percent increase in gross business receipts over the first six months of 1985.

Tax collections were also higher. Between January and July 1986, state tax collections increased by 13 percent to $968 million. The largest increase in tax collections occurred on Kauai, which saw an increase in tax revenues of 45 percent to $26 million in the first seven months of the year.

The healthy economy is also indicated by employment figures. The civilian labor force grew to 504,000 persons in july and the number of persons employed rose to 479,000 persons. In contrast, the number of unemployed persons declined to 25,000 persons. As a result, the unemployment rate declined to 4.9 percent in July, the lowest unemployment rate since March 1985. Similarly, the number of persons collecting unemployment insurance declined in July to 9,257 claims, and cumulative payments for unemployment insurance benefits through the first seven months of 1986 stood 15 percent lower than last year.

THE LONG-TERM SURVIVAL OF HAWAII'S SUGAR INDUSTRY

Having recently celebrated its 150th anniversary, the question facing the sugar industry is: How much longer will it last in Hawaii? While it might very well last another 150 years, the sugar industry in Hawaii has been diminishing in recent years. From a peak of 255,000 acres in the 1930s, sugarcane acreage fell to approximately 185,000 acres today. Meanwhile, after reaching 56,000 jobs in 1928 Hawaii's sugar industry last year provided only 7,550 jobs in the fields and factories, accounting for only 1.6 percent of the total jobs in the state.

What explains these trends? Besides high labor costs, the sugar industry in Hawaii faces competition from foreign sugar producers, and perhaps more importantly, from corn sweeteners.

Corn sweeteners are the generic names for dextrose, glucose and high fructose corn syrup (HFCS). Introduced commercially in the late 1960s, these sweeteners have rapidly increased their share of the caloric sweetener market. The turning point occurred in 1985 when per-capita consumption of corn sweeteners, for the first time, surpassed that of refined sugar. Last year, more than 43 pounds of HFCS was consumed per person in the U.S.

Since it is less costly to make sweeteners from corn than from cane or beets, HFCS is expected to continue its inroads in the sweetener market. Worse yet, scientists are working to develop inexpensive ways to crystallize corn sweeteners, which would further erode the market for cane sugar.

Besides caloric sweeteners, the sugar industry is also facing competition from low-calorie sweeteners such as saccharin and aspartame. U.S. consumption of these sweeteners rose steadily from 6 pounds in 1975 to 17 pounds per capita in 1985.

The availability of surplus sugar in the world market has also accentuated the plight of domestic sugar producers. At present, over 40 countries around the world produce around 100 million tons of sugar per year. Surplus sugar not domestically consumed or traded, roughly 20 million tons a year, is dumped on the so-called "world market." Prices in this market bear no relation to production costs, and fluctuate according to available supply. In 1974, the average world sugar price went as high as 30 cents per pound. Last year, it fell as low as 4 cents a pound.

The volatility of world sugar prices imposes a great threat to sugar produc-

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-June	877,158	......	42.4
Oahu	thous. $	Jan.-June	761,879	......	44.2
Maui County	thous. $	Jan.-June	46,889	......	40.6
Hawaii	thous. $	Jan.-June	48,439	......	20.2
Kauai	thous. $	Jan.-June	19,951	......	44.2
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	August	371.2	0.5	3.8
HIGH-RISE	1967 = 100	August	387.5	0.7	3.7
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	January	57,805	......	75.9
Single Family Units	number	January	267	......	14.6
Multiple Family Units	number	January	492	......	154.9
NONRESIDENTIAL	thous. $	January	53,941	......	136.1
OAHU: RESIDENTIAL	thous. $	Jan.-July	199,790	......	14.9
Single Family Units	number	Jan.-July	1,123	......	−7.2
Multiple Family Units	number	Jan.-July	1,646	......	25.6
NONRESIDENTIAL	thous. $	Jan.-July	126,073	......	42.7
MAUI CO.: RESIDENTIAL	thous. $	January	6,801	......	99.0
Single Family Units	number	January	66	......	69.2
Multiple Family Units	number	January	16	......	77.8
NONRESIDENTIAL	thous. $	January	3,302	......	134.5
HAWAII: RESIDENTIAL	thous. $	Jan.-July	39,239	......	−28.9
Single Family Units	number	Jan.-July	657	......	16.9
Multiple Family Units	number	Jan.-July	12	......	−91.3
NONRESIDENTIAL	thous. $	Jan.-July	143,593	......	517.3
KAUAI: RESIDENTIAL	thous. $	Jan.-July	23,402	......	−10.1
Single Family Units	number	Jan.-July	231	......	6.9
Multiple Family Units	number	Jan.-July	0	......	−100.0
NONRESIDENTIAL	thous. $	Jan.-July	41,499	......	316.9
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-July	258,799	......	96.2
Oahu	thous. $	Jan.-July	202,058	......	129.0
Maui County	thous. $	Jan.-July	31,995	......	28.7
Hawaii	thous. $	Jan.-July	18,716	......	84.8
Kauai	thous. $	Jan.-July	6,012	......	−30.9
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-July	33,377	......	40.5
State	thous. $	Jan.-July	150,008	......	193.1
County	thous. $	Jan.-July	75,395	......	32.3
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-July	1,714	......	18.9
Average Price	dollars	Jan.-July	182,345	......	9.4
Condominium	number	Jan.-July	2,179	......	15.2
Average Price	dollars	Jan.-July	110,110	......	5.5
OAHU: Single Family	number	Jan.-July	1,144	......	7.8
Average Price	dollars	Jan.-July	206,234	......	12.9
Condominium	number	Jan.-July	1,651	......	7.3
Average Price	dollars	Jan.-July	104,707	......	4.5
MAUI CO.: Single Family	number	Jan.-July	219	......	58.7
Average Price	dollars	Jan.-July	172,778	......	14.8
Condominium	number	Jan.-July	357	......	43.4
Average Price	dollars	Jan.-July	143,057	......	11.6
HAWAII: Single Family	number	Jan.-July	275	......	34.1
Average Price	dollars	Jan.-July	100,521	......	2.2
Condominium	number	Jan.-July	78	......	36.8
Average Price	dollars	Jan.-July	90,474	......	−6.2
KAUAI: Single Family	number	Jan.-July	76	......	105.4
Average Price	dollars	Jan.-July	146,401	......	1.9
Condominium	number	Jan.-July	93	......	93.8
Average Price	dollars	Jan.-July	96,008	......	−20.3

p = preliminary.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1985	1,152.0p	......	1.1
Total Resident Population	thous.	July 1, 1985	1,053.9p	......	1.6
OAHU:					
Total De Facto Population	thous.	July 1, 1985	865.1p	......	1.0
Total Resident Population	thous.	July 1, 1985	814.6p	......	1.5
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1985	115.5p	......	0.5
Total Resident Population	thous.	July 1, 1985	85.3p	......	2.1
HAWAII:					
Total De Facto Population	thous.	July 1, 1985	115.8p	......	2.1
Total Resident Population	thous.	July 1, 1985	109.2p	......	1.9
KAUAI:					
Total De Facto Population	thous.	July 1, 1985	55.6p	......	1.8
Total Resident Population	thous.	July 1, 1985	44.8p	......	1.4
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1985	997.5p	......	1.8
MILITARY PERSONNEL:					
STATE	number	July 1, 1985	58,005p	......	−4.6
Ashore	number	July 1, 1985	53,848p	......	−4.4
Afloat	number	July 1, 1985	4,157p	......	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1985	64,281p	......	−4.2
FOREIGN IMMIGRATION[1]	number	Jan.-Aug.	3,931	......	3.4

p = preliminary.

[1] *Includes only those entering Honolulu ports and does not include status changes.*

income in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
INCOME					
TOTAL PERSONAL INCOME**	mil. $	1st Qtr.	14,786p	1.0	5.1
EMPLOYMENT INCOME[1]	mil. $	1st Qtr.	10,858p	1.0	6.5
Manufacturing	mil. $	1st Qtr.	502p	−1.2	8.2
Construction & Mining	mil. $	1st Qtr.	625p	−3.0	16.0
Wholesale	mil. $	1st Qtr.	460p	0.4	7.7
Retail	mil. $	1st Qtr.	1,200p	1.0	2.9
Finance, Ins., & Real Estate	mil. $	1st Qtr.	755p	3.7	10.7
Trans., Comm., & Util.	mil. $	1st Qtr.	962p	1.8	6.9
Services	mil. $	1st Qtr.	2,502p	1.3	8.0
Farm & Other	mil. $	1st Qtr.	331p	−1.2	5.4
Federal Civilian	mil. $	1st Qtr.	960p	0.1	0.3
Federal Military	mil. $	1st Qtr.	1,335p	0.5	3.6
State & Local	mil. $	1st Qtr.	1,227p	2.9	7.5
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	1st Qtr.	2,732p	0.8	1.1
TRANSFER PAYMENTS (1,954) minus Personal Contributions for Social Insurance (758)	mil. $	1st Qtr.	1,196p	2.3	2.5
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1984	13,042	......	5.6
Oahu	dollars	1984	13,709	......	5.7
Maui County	dollars	1984	11,611	......	5.9
Hawaii	dollars	1984	9,998	......	5.2
Kauai	dollars	1984	10,564	......	6.9

***Total personal income and all components are seasonally adjusted at annual rates.*

[1] *Includes wage and salary disbursements, proprietors' income, and other labor income.*

p = preliminary.

AWAIIAN BANK

ers all over the world. As a result, most countries adopt some form of price-stabilization program to insulate themselves from erratic fluctuations of sugar prices in the world market. One example involves long-term contracts between producing and consuming countries. Some governments guarantee a price floor to their domestic producers. Any resulting surplus sugar is then sold in the world market for whatever price it can fetch.

The United States has instituted a variety of price-support programs. From 1934 to 1974, domestic production controls and country-by-country import quotas insured a fair price for domestic producers and consumers. This program produced stability for the domestic sugar industry; but, Congress terminated the program in 1974 by refusing to renew the 1934 Sugar Act.

This directly exposed sugar producers to the world surplus sugar market. As surplus sugar was dumped in the newly-opened U.S. market, prices received by domestic sugar producers dropped rapidly. From a record $685 million in 1974, the manufactured value of Hawaii's sugar plummeted to $252 million in 1976.

Faced with the prospect of losing the domestic sugar industry, President Carter decided to subsidize the industry through a presidential order in 1977. For the remainder of his term, the domestic sugar industry was partly insulated from foreign competition by a combination of high import fees and duties.

However, domestic sugar producers still suffered huge losses. In 1981, Hawaii's sugar industry alone lost almost $90 million. To help the domestic sugar industry, Congress voted to include sugar in the Farm Act in 1981. The Act's sugar provision established a loan fund where a producer unable to sell his crop was eligible for a loan using his crop as collateral. The loan rate was based on an estimated cost of production, and is currently set at 18 cents per pound. This price-support loan program, together with country import quotas, established, in effect, a floor under the price of domestically produced sugar. The Farm Act was extended last year for another five years.

While federal legislation has helped to stabilize the domestic sugar market, from now on, the sugar industry cannot rely on this type of support for at least two reasons. First, price-support legislation is now up for reconsideration every five years, a more frequent interval than in the past. As a result, legislative support becomes unpredictable, shifting with the prevailing political mood.

Second, corn-growing states as well as large sugar-using companies will exert increasing political pressures for larger import quotas of cheaper foreign sugar. While sugar-using companies enjoy lower sugar prices, corn-producing states will enjoy a greater share of the caloric sweetener market. Since corn producers have lower costs of production, they can tolerate larger sugar imports than domestic sugar producers.

In the long run, the survival of the domestic sugar industry will depend ultimately on economics and diversification. Already, the industry is taking steps to increase yields through drip irrigation. Yields of tons of sugar-per-acre (TSA) have been rising at an average rate of 1 percent a year during the last 50 years. During the last six years, with the introduction of drip irrigation, TSA has increased at an average rate of 3 percent a year. While all plantations showed record average yields of 12 TSA in 1984, two plantations achieved yields exceeding 21 TSA. Thus, the opportunity exists for further increases in TSA for Hawaiian sugar producers. Also, the HSPA is testing more high yield sugar varieties to be distributed to plantations in the near future.

Increases in sugar yields have reduced the cost of producing sugar in Hawaii. The average cost of producing a pound of sugar declined by 10 percent since 1982 to approximately 16 cents per pound in 1985. Another factor is the decline in labor costs. The unit cost of personal services, i.e., wages and employment benefits, has declined by 4 percent in the last three years. Much of the savings was due to the cooperation of the labor unions.

Continuing efforts are also being made to develop new markets and expand established markets for sugar and its by-products. In 1984, Hawaii's sugar plantations earned $10.3 million in revenues from sales of 303,000 tons of molasses. Expanded uses for molasses are under research. Sale of bagasse for electricity generation was responsible for another $12 million in revenues in 1984. Power generated from burning bagasse accounted for about 10 percent of electricity consumed in Hawaii. Plans are under way to produce particle board using bagasse, and to use cane fiber for making paper.

Hamakua Sugar is building a cattle feedlot facility on the Big Island. Pelletized bagasse and discarded sugar leaves are used as a fiber component in the cattle's diet. Other potential by-products include industrial compounds and chemicals, some of which can be

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	July	503.8p	0.3	3.4
Employment	thous.	July	479.2p	1.0	4.2
Unemployment	thous.	July	24.6p	−11.7	−9.4
Unemployment Rate	percent	July	4.9p	−10.9	−12.5
OAHU:					
Civilian Labor Force	thous.	July	377.0p	0.1	2.1
Employment	thous.	July	360.6p	0.6	2.8
Unemployment	thous.	July	16.4p	−9.4	−10.6
Unemployment Rate	percent	July	4.3p	−10.4	−14.0
MAUI COUNTY:					
Civilian Labor Force	thous.	July	49.5p	1.1	6.8
Employment	thous.	July	47.0p	2.1	7.7
Unemployment	thous.	July	2.5p	−10.7	−5.7
Unemployment Rate	percent	July	5.0p	−13.8	−12.3
HAWAII:					
Civilian Labor Force	thous.	July	53.8p	0.3	9.0
Employment	thous.	July	49.5p	2.3	10.7
Unemployment	thous.	July	4.3p	−18.1	−7.5
Unemployment Rate	percent	July	8.0p	−18.4	−15.8
KAUAI:					
Civilian Labor Force	thous.	July	23.6p	1.3	5.6
Employment	thous.	July	22.2p	2.3	6.5
Unemployment	thous.	July	1.4p	−12.5	−6.7
Unemployment Rate	percent	July	6.0p	−13.0	−9.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	July	483.7p	1.1	4.6
SUGAR (Mill and Field)	thous.	July	7.5p	−0.7	−2.6
PINEAPPLE (Cannery and Field)	thous.	July	5.8p	9.4	7.4
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	July	16.6p	0.0	5.4
Durable Goods	thous.	July	3.5p	1.4	11.1
Non-Durable Goods	thous.	July	13.1p	−0.8	3.6
Apparel and Textiles	thous.	July	3.5p	−1.4	15.0
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	July	8.8p	5.4	15.9
CONTRACT CONSTRUCTION	thous.	July	17.5p	4.5	−6.4
TRANSPORTATION	thous.	July	24 4p	−0.6	7.7
COMMUNICATION	thous.	July	7.1p	−0.7	−4.1
UTILITIES	thous.	July	2.5p	0.0	2.0
RETAIL TRADE	thous.	July	98.9p	1.1	4.6
WHOLESALE TRADE	thous.	July	19.7p	−0.3	2.1
FINANCE, INSURANCE AND REAL ESTATE	thous.	July	32.9p	0.6	2.0
HOTEL SERVICES—STATE	thous.	July	28.1p	0.7	−1.1
Oahu	thous.	July	16.3p	−0.3	1.6
Maui County	thous.	July	6.2p	3.3	−3.9
Hawaii	thous.	July	3.4p	0.0	−9.3
Kauai	thous.	July	2.2p	−2.2	0.0
OTHER SERVICES	thous.	July	85.2p	0.1	5.9
FEDERAL GOVERNMENT	thous.	July	31.9p	−0.2	−2.7
Civilian Agencies	thous.	July	11.6p	0.0	−1.7
Defense Department	thous.	July	20.4p	−0.2	−3.6
STATE GOVERNMENT	thous.	July	45.7p	−6.8	3.5
COUNTY GOVERNMENT	thous.	July	14.7p	14.9	−10.1
NON-AGRICULTURE SELF-EMPLOYED	thous.	July	36.7p	11.9	36.2
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	July	9,257	−10.2	−18.7
INTRASTATE INITIAL CLAIMS	number	Jan.-July	38,096	......	−10.2
INTERSTATE INITIAL CLAIMS	number	Jan.-July	2,308	......	5.3
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-July	35,252	......	−14.5

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	July	53,567	−1.4	−8.1
Payments	thous. $	Jan.-July	54,208	......	−5.5
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	August	55,303	11.7	17.3
Payments	thous. $	Jan.-Aug.	108,320	......	−7.9
FOOD STAMPS:					
Recipients[1]	no./persons	June	90,923	−0.7	−6.5
Payments	thous. $	Jan.-June	44,608	......	−4.0
SERVICES:					
Recipients[1]	no./cases	2nd Qtr.	8,330	6.9	6.9
Payments	thous. $	1st Qtr.	4,246	......	19.1

[1] *Count of recipients is duplicated. A person may be counted in each category.*

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	July	7,782.6	0.3	12.3
Debits To Demand Deposits	mil. $	Jan.-July	60,515.9	......	11.5
OAHU:					
Total Deposits	mil. $	July	6,431.8	−0.7	11.7
Debits To Demand Deposits	mil. $	Jan.-July	54,763.6	......	11.2
MAUI COUNTY:					
Total Deposits	mil. $	July	492.5	0.9	12.0
Debits To Demand Deposits	mil. $	Jan.-July	2,474.5	......	15.4
HAWAII:					
Total Deposits	mil. $	July	599.0	10.7	21.1
Debits To Demand Deposits	mil. $	Jan.-July	2,258.7	......	10.8
KAUAI:					
Total Deposits	mil. $	July	259.3	0.8	7.4
Debits To Demand Deposits	mil. $	Jan.-July	1,019.1	......	26.0
BANK LOANS OUTSTANDING—STATE:	mil. $	2nd Qtr.	4,629.1	−1.9	5.1
Real Estate	mil. $	2nd Qtr.	1,886.8	−0.5	7.0
Consumer	mil. $	2nd Qtr.	1,063.2	1.8	8.3
Commercial & Industrial	mil. $	2nd Qtr.	1,338.3	−1.7	1.2
Other	mil. $	2nd Qtr.	340.8	−18.3	1.3
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU					
SAVINGS & LOAN ASSOCIATIONS:[1]	percent	July	10.2	−1.9	−14.3
TOTAL DEPOSITS	mil. $	June	3,579.2	0.3	−1.3
TOTAL LOANS	mil. $	June	116.4	11.1	NA
MORTGAGE LOANS	mil. $	June	103.7	12.4	115.0
TAX COLLECTIONS:[2]					
STATE	thous. $	Jan.-July	968,120	......	13.4
Oahu	thous. $	Jan.-July	828,474	......	12.0
Maui County	thous. $	Jan.-July	59,514	......	19.1
Hawaii	thous. $	Jan.-July	53,942	......	16.2
Kauai	thous. $	Jan.-July	26,252	......	45.3

[1] *Includes Hawaii and Guam. Reporting categories changed in July, 1985.*

[2] *Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.*

used as substitute raw materials for the petrochemical industry.

However, with cheap foreign labor and abundant surplus sugar in the world market, uses for marginal sugar lands must also be found to enhance sugar-industry revenues. Efforts should be made to expand established export-oriented crops such as macadamia nuts, papaya, pineapple, coffee, and guava. In 1984, these crops had a combined value of $130 million.

Attempts are currently being made to develop other crops such as alfalfa, tea, potatoes, and cocoa. Recently, Amfac announced plans to grow alfalfa on about 100 acres of former sugar land on Oahu. If the venture proves profitable, Amfac plans to expand its alfalfa plantings to as many as 3,000 acres. Alfalfa is used by dairymen to feed their cattle.

Also, while A&B and Lipton Tea are testing tea plantings at McBryde Sugar Co., Amfac recently joined Hershey Foods and Kakela Enterprises in forming the Hawaii Cocoa Joint Venture to explore the viability of a cocoa-bean industry in Hawaii. If cocoa can be produced profitably in Hawaii, the industry can use up to 15,000 acres of former sugar lands and create more than 1,800 jobs for Hawaii's residents.

Seeking alternative uses for sugar land is a logical step to take for sugar producers in Hawaii. Continued support, however, is needed from both the federal and state governments to insure a smooth transition. Federal legislation such as the Farm Act is essential to give domestic sugar producers sufficient time to adjust to the lower sugar price environment. State government, on the other hand, should liberalize its land use restrictions to allow sugar companies to diversify their revenue base through the development of alternative urban uses.

The sugar industry in Hawaii will be facing some crucial decisions in the years ahead. Faced with increasing domestic and foreign competition, the industry will undoubtedly become leaner in the future as plantations seek a broader range of sugar by-products and alternate uses for sugar lands. Fortunately, the growth of diversified agriculture should provide a strong demand for currently unproductive sugar lands. As sugar companies organize themselves to face the challenges of the future, the industry will most likely see a far greater diversification of products, including sugar, sugar by-products, and alternative crops. The extent to which diversification does occur will depend on the ability of individual companies to exploit newly emerging market opportunities to diversify their products.

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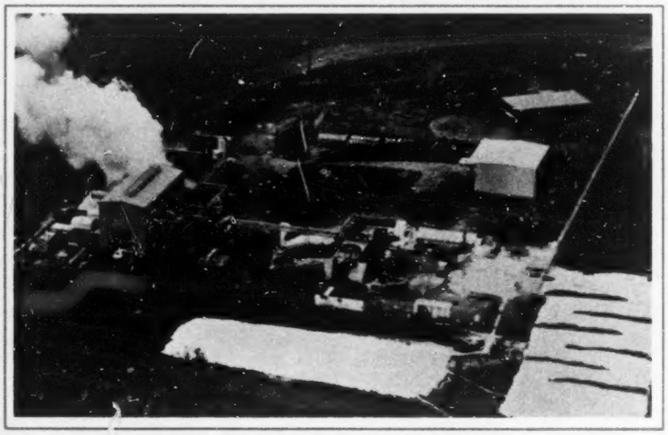

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